



Australian Gas Networks

Stakeholder Engagement
Strategy for Victoria/Albury

March 2016

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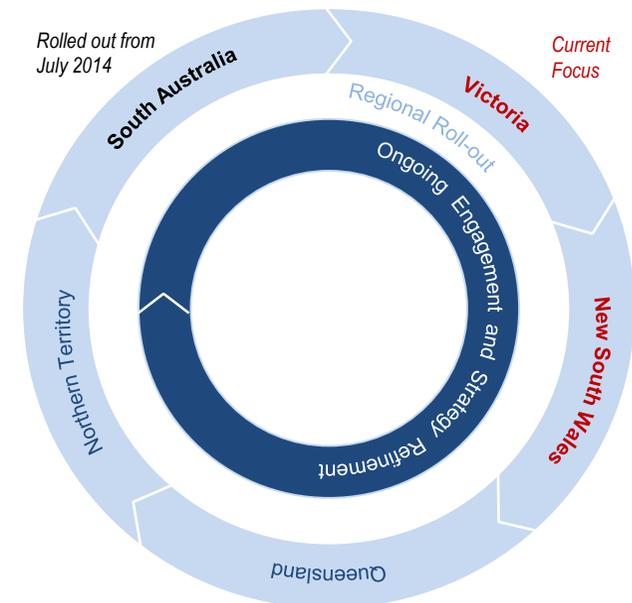
Role of Stakeholder Engagement

Australian Gas Networks Limited (AGN) aims to operate our networks in a manner that is consistent with the long term interests of consumers. To achieve this we will meaningfully engage with key Victorian and Albury stakeholders, particularly in those regions served by our networks.

We have developed and published our overarching stakeholder engagement strategy, which transparently sets out our approach to engaging with stakeholders. Importantly, our approach is designed to be consistent with the National Gas Objective (NGO) and the Australian Energy Regulator's (AER's) Consumer Engagement Guidelines. This document details our approach to engagement and specific activities for each engagement phase and is based upon the principles, priorities and approach set out in our overarching stakeholder engagement strategy.

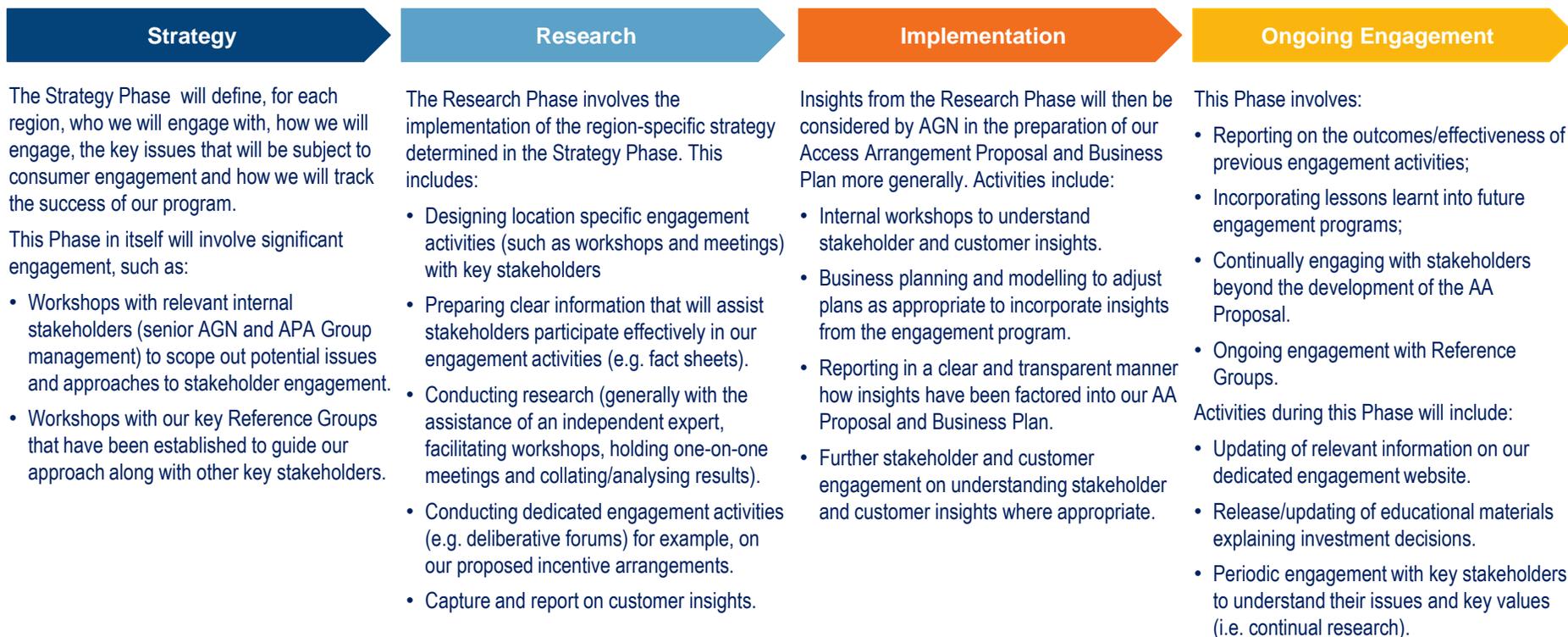
- The overall objectives of our engagement program for Victoria/Albury are to:
 - Ensure our Access Arrangement (AA) Proposal, and business plan more generally, is consistent with the long term interests of consumers
 - Assist our customers and the community more generally understand the natural gas market, including AGN's role and the application of the regulatory regime to our business
- This approach is consistent with that outlined in our Scoping Paper, which incorporates stakeholder and customer feedback received to date, feedback which includes, but is not limited to:
 - Analysing the demographics of the Victorian and Albury networks
 - Addressing engagement fatigue from stakeholders and customers
- Our engagement approach will continue to be refined throughout the process, incorporating feedback and key learnings as appropriate.

Stakeholder Engagement Program Roll-out

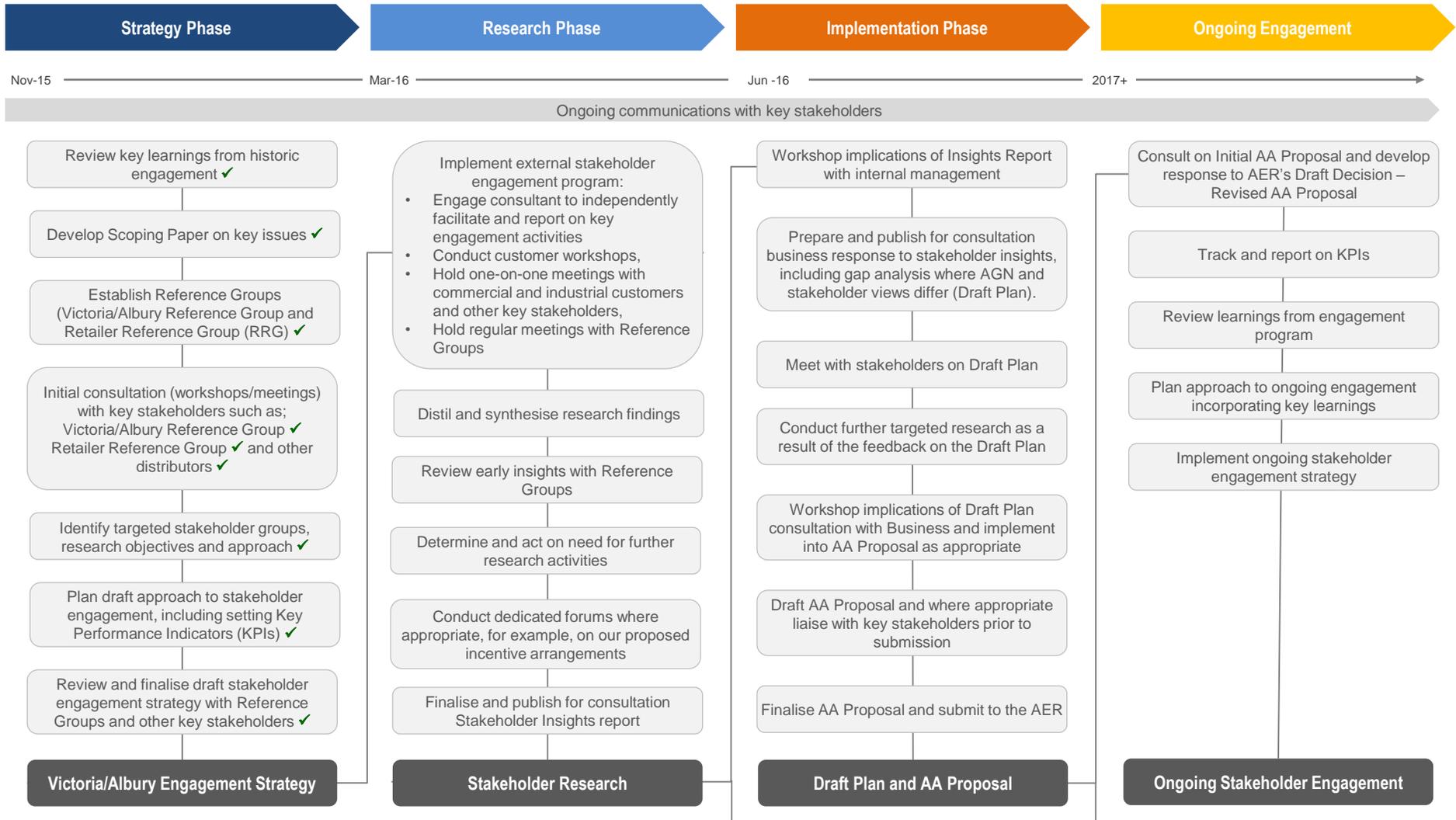


Approach to Stakeholder Engagement

AGN's overall approach to stakeholder engagement comprises four phases. It commences with developing the specific engagement approach as set out in this strategy, followed by undertaking relevant research to understand stakeholder and customer values and then including the outcomes of the engagement program into our business planning. The final phase is to continually engage with stakeholders and customers to ensure we are always acting in a manner that is consistent with their long term interests. The key activities to be undertaken under each phase are outlined below.



Approach to Stakeholder Engagement



Strategy Phase | Victoria/Albury Stakeholder Engagement

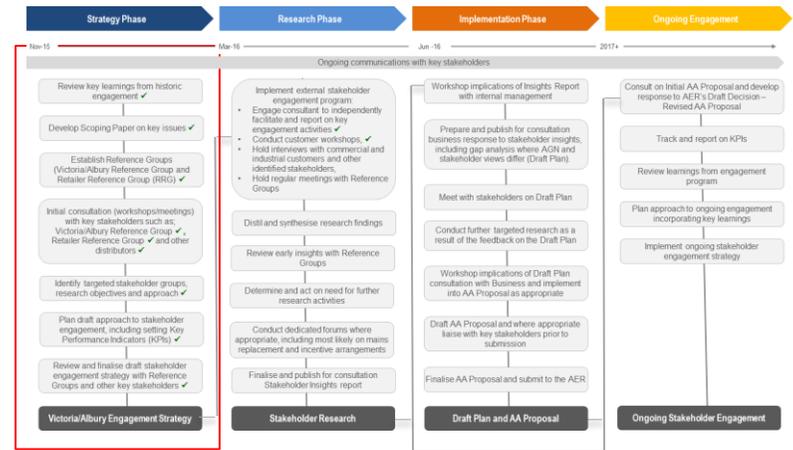


The objective of the Strategy Phase is to identify who AGN's stakeholders are, the appropriate method for engaging with these stakeholders and what we should engage on. Importantly, the strategy is designed to be robust and fit-for-purpose.

To develop the strategy AGN:

- Developed a Scoping Paper setting out our preliminary views on who our key stakeholders are and potential issues for engagement.
- Incorporated key learnings from the South Australian engagement program
- Established Reference Groups to provide efficient access to a broad range of stakeholder groups.
- Circulated the Scoping Paper with internal and external stakeholders
- Incorporated feedback from these internal and external stakeholders to develop a robust strategy which specifically identified:
 - **Who:** Identifying broad stakeholder cohorts;
 - **What:** Identifying the key issues to engage with stakeholders on; and
 - **How:** Identifying the techniques to be use to best ascertain stakeholder feedback.
- Circulate the final strategy with key stakeholders.

These results underpin future phases of AGN's stakeholder engagement program.



Strategy Phase | SA Key Learnings

Learning	AGN Comment	AGN Action
Confidence and trust must be built with the Reference Groups	<ul style="list-style-type: none"> Although AGN received positive feedback from members of our Reference Groups, only a small portion of members completed the feedback forms 	<ul style="list-style-type: none"> AGN is committed to building confidence and trust with stakeholders through transparent engagement
The role of the online survey in future engagement needs to be investigated	<ul style="list-style-type: none"> It was challenging to entice people to complete our online survey. This is likely due to our relatively high reliability and minimal customer interaction The online survey responses in South Australia indicated a lack of understanding of what was being asked with respect to willingness-to-pay The use of an online survey will be reassessed in future engagement activities 	<ul style="list-style-type: none"> AGN does not intend to use an online survey to test consumers' willingness-to-pay AGN is however, using a survey tool to test customer satisfaction on our service performance
Opportunity to expand 'Deep Dive' engagement for example, on our proposed incentive arrangements	<ul style="list-style-type: none"> This worked well with the Retailer Reference Group, particularly with regards to the development of Terms and Condition's (T&C's) and Reference Tariffs. However, AGN was criticised for not taking this approach with stakeholders more broadly 	<ul style="list-style-type: none"> Strategy to reflect ongoing discussion with key stakeholders, such as our proposed incentive arrangements
Care needs to be taken with respect to workshop timing	<ul style="list-style-type: none"> Participants noted that at times the workshop sessions ran overtime or were rushed towards the end of the session AGN will focus on the timing of future workshops to ensure there is sufficient time for open discussion with participants 	<ul style="list-style-type: none"> AGN is committed to efficiently engaging with all stakeholders As part of this we are also engaging with other distributors as appropriate
The approach to engaging with large industrial customers needs to be revisited, given the relatively low take-up of meeting offers	<ul style="list-style-type: none"> AGN is keen to meaningfully engage with all stakeholders, but there was a relatively low take-up of our offer of one-on-one meetings with large users AGN understands that our customers are often time poor and in future engagement activities, will look to engage with additional large user industry bodies as well as offering one-on-one interviews 	<ul style="list-style-type: none"> AGN will proactively engage with large user representative bodies as well as large customers directly (see following slides)
Reference Group meetings could be improved by clearly setting out timelines and expectations at the start of the process	<ul style="list-style-type: none"> AGN agrees that a well defined charter and schedule will assist in future engagement activities 	<ul style="list-style-type: none"> A well defined Charter has been developed Meeting placeholders have been sent to Reference Group members along with indicative agenda items

Strategy Phase: Who | Stakeholders and customers

Stakeholders	Approach
Network Users	
Residential Customers	<ul style="list-style-type: none"> • Direct: through a series of independently facilitated workshops where participants are selected through a recruiter to ensure diversity. We will also hold a series of 1:1 meetings with stakeholder groups • Indirect: through consumer representatives on the Victoria/Albury Reference Group
Commercial/Small Industrial Customers	<ul style="list-style-type: none"> • Direct: through a series of independently facilitated workshops where participants are selected through a recruiter to ensure diversity. We will also hold a series of 1:1 meetings with stakeholder groups • Indirect: through consumer representatives on the Victoria/Albury Reference Group
Industrial Customers	<ul style="list-style-type: none"> • Direct: Offer meetings to the top 20-30 users in Victoria and top 5 users in Albury • Indirect: through one-on-one meetings with industry representatives (Energy Users Association of Australia, EUAA)
Vulnerable Customers	<ul style="list-style-type: none"> • Direct and Indirect as per Residential and Commercial customers
Energy Retailers	<ul style="list-style-type: none"> • Direct: through the Retailer Reference Group and one-on-one meetings as appropriate (Australian Energy Council is a guest of the RRG)
Facilitators	<ul style="list-style-type: none"> • Indirect: through consumer representatives on the Victoria/Albury Reference Group
Potential Users	<ul style="list-style-type: none"> • Direct: through existing survey mechanisms relating to understanding energy use preferences and our customer service with respect to gas connections, mains replacement and interruptions
Regulators	<ul style="list-style-type: none"> • Direct: through one-on-one meetings/email correspondence with the AER, Essential Service Commission (ESC) and Energy Safe Victoria (ESV)
Energy Intermediaries	
AEMC & AEMO	<ul style="list-style-type: none"> • Direct: through one-on-one meetings/email correspondence with the Australian Energy Market Commission (AEMC) and the Australian Energy Market Operator (AEMO)
Government	
State Local Council/Government	<ul style="list-style-type: none"> • Direct: through one-on-one meetings/email correspondence with the Energy Department and the Victorian Local Governance Association
Non-Government Organisations	<ul style="list-style-type: none"> • Direct: through one-on-one meetings/email correspondence with the EWOV, the Victorian Farmers Federation and Environment Victoria

Reference Groups and other stakeholders will also be invited to observe workshops

Strategy Phase: Who | Reference Groups

- A key component of AGN's stakeholder engagement strategy is establishing Reference Groups
- These groups provide efficient access to a broad range of stakeholders and have been established to regularly challenge and guide AGN in developing and implementing the stakeholder engagement program
- In Victoria/Albury, AGN has established two external reference groups:
 - The Victorian/Albury Reference Group comprising a cross-section of representative groups
 - The Retailer Reference Group (also known as the RRG) comprising retailers who utilise our network



Strategy Phase: Where | Workshop locations

- AGN aims to ensure a widespread opportunity for involvement amongst key stakeholders. We are proposing to initially host six workshops (Independently facilitated) in geographic locations serviced by or network, to ensure workshop participants provide a representative sample of Victoria/Albury customers.
- Further workshop locations will be determined over the course of our engagement program, including following the release of our Draft Plan.

Northern Region

Workshop 1 capture areas: Albury, Wodonga, Shepparton, Benalla, Wangaratta

Workshop 1 venue: Wodonga

Workshop 3 capture areas: Echuca, Shepparton

Workshop 3 venue: Shepparton

Central

Workshop 2 Capture LGA's: Melbourne, Yarra

Workshop 2 venue: Inner CBD

Workshop 5 Capture LGA's: Moreland, Darebin, Banyule

Workshop 5 venue: Preston

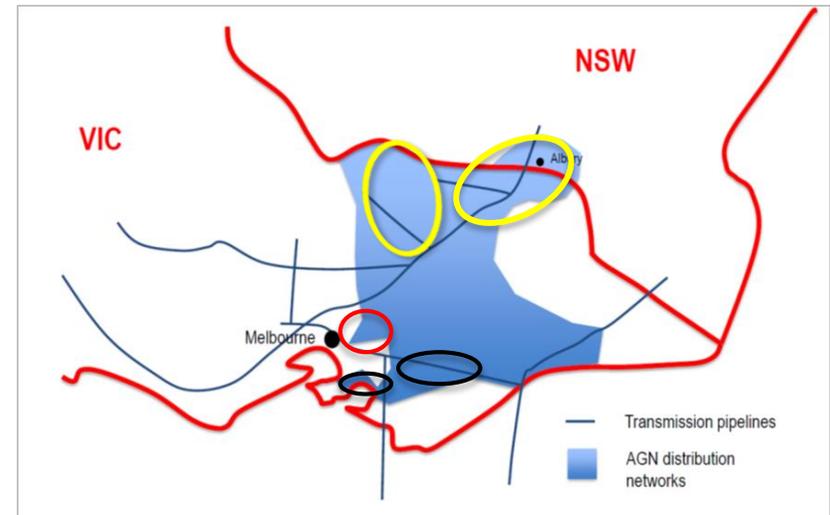
Southern Region

Workshop 4 Capture areas: Pakenham, Cranbourne, Officer, Frankston, Berwick, Somerville

Workshop 4 venue: Narre Warren

Workshop 6 Capture areas: LaTrobe Valley/W Gippsland, Warragul, Drouin, Traralgon, Sale

Workshop 6 venue: Traralgon



Strategy Phase: What | Topics for Engagement

- AGN reviewed feedback from the Scoping Paper as well as AGN's Reference Groups to identify those areas to be the focus of stakeholder engagement. These projects will be grouped under five key themes (as outlined below).
- Engagement activities will be organised around these themes.
- The topics for engagement will be targeted depending on the stakeholder and the approach to engagement.
- There are five broad approaches for engaging with stakeholders:
 - Through the Victoria/Albury Reference Group
 - Through the Retailer Reference Group
 - Independently facilitated workshops
 - One-on-one meetings with key stakeholders
 - Publishing our Draft Plan and Access Arrangement Proposal

Customer experience

Network safety and
reliability

Network expansion and
innovation

Access and affordability

Environmental
commitments and
reporting

Strategy Phase: What | Approach to topics for Engagement

Approach	Topics for Engagement	
The Victoria/Albury Reference Group	<ul style="list-style-type: none"> • Victoria/Albury consolidation • Overarching engagement strategy 	<ul style="list-style-type: none"> • Results of engagement with customers and implementation into AGN's future Business Plans • AGN's future plans, focus on key elements (no surprises)
The Retailer Reference Group	<ul style="list-style-type: none"> • Victoria/Albury consolidation • Overarching engagement strategy • Results of engagement with customers • AGN's future plans – focus on key elements 	<ul style="list-style-type: none"> • Terms and Conditions of network access • AGN service to retailers • Tariff structures • Potential vulnerable customer support
Independently facilitated workshops	<ul style="list-style-type: none"> • Introduction to AGN – who we are and what we do • Overview of AGN's engagement program • AGN's future plans, including proposed price path • Investigate customer values and views on gas and energy more broadly • Feedback on proposed initiatives 	<ul style="list-style-type: none"> • Communication preferences • Environmental commitments • Tariff structures • Potential vulnerable customer support • Service levels and incentives
One-on-one meetings with key stakeholders	<ul style="list-style-type: none"> • Introduction to AGN – who we are and what we do • Overarching engagement strategy • Overview of AGN's engagement program • Satisfaction with AGN service, what we do well, areas for improvement etc. • Other matters of importance with respect to natural gas supply 	<ul style="list-style-type: none"> • Victoria/Albury consolidation • AGN's future plans – focus on key elements • Results of engagement with consumers • Note: not commercial negotiations
Draft Plan and Access Arrangement Proposal	<ul style="list-style-type: none"> • All aspects of AGN's future plans and initiatives over the next Access Arrangement period, including expenditure proposals, prices and terms and conditions 	

Strategy Phase Results | KPIs

Tracking and transparently reporting on the performance of our stakeholder engagement is an important part of our strategy. It is another mechanism for stakeholders to provide feedback to AGN and is key to AGN understanding the effectiveness of the program, which in itself provides a base for qualifying the results. Importantly, this information will help AGN improve its engagement techniques over time.

Key Performance Indicators (KPIs) have been developed having regard to the principles of stakeholder engagement set out in the AER's Consumer Engagement Guidelines and are described more fully in AGN's overarching engagement strategy (www.stakeholders.agnl.com.au).

AER Principle	AGN Commitment	Measurement
Clear, accurate and timely communication	<ul style="list-style-type: none"> • Provide stakeholders and customers with clear, accurate, relevant and timely information, having consideration for their preferred communication methods • Establish clear and realistic timeframes for stakeholder input • Support stakeholders and customers from diverse backgrounds to make an informed view on our plans by ensuring documentation provided is clear, concise and uses plain English • Understand stakeholder and customers preferences for communication topics and methods and implement an approach consistent with these preferences 	<ul style="list-style-type: none"> • Stakeholder satisfaction (as measured by a 70% or above satisfaction score on the workshop as a whole) with: <ul style="list-style-type: none"> – Educational materials used during customer workshops and in surveys and interviews – Process for engagement (how clearly materials were presented)
Accessible and inclusive engagement	<ul style="list-style-type: none"> • Identify all relevant stakeholder cohorts and the specific characteristics of each group, such as their preferred method of communication. • Be efficient with the engagement, having regard for stakeholders' time. • Ensure each stakeholder or stakeholder group has an appropriate understanding of relevant issues on which to base feedback <ul style="list-style-type: none"> – Give stakeholders and customers choices and engage in a non-leading manner – Develop a plan for engaging beyond the submission of an AA Proposal 	<ul style="list-style-type: none"> • Endorsement from Reference Groups that engagement reaches a representative group of the target population, as measured through a feedback survey on the process • Stakeholder satisfaction, as measured by 70% or above score, on the following workshop feedback survey elements: workshop pace, education materials and collaboration within the workshop
Transparent process	<ul style="list-style-type: none"> • Clearly identify the objectives of each phase of engagement • Clearly explain the role of stakeholder and customers in each phase of engagement • Identify and explain how stakeholder and customers input and insights will be relied upon • Clearly and credibly report the input of all stakeholders including how insights have been incorporated into Business Plans 	<ul style="list-style-type: none"> • Public disclosure of details about engagement activities, publish on website: strategy, workshop materials, stakeholder insights, business plan and KPI tracking • Attendance by Chief Executive Officer at one or more workshops • Access to Management team by Reference Group • Publish Insights report and Draft Plan

Research Phase

- AGN will use a targeted, fit-for-purpose engagement method consisting of a series of customer and stakeholder workshops and key stakeholder one-on-one meetings.
 - During these processes, key topics such as the natural gas supply chain, regulatory process, and our proposed initiatives can be discussed in detail to ensure informed feedback is received
 - AGN aims to ensure a widespread opportunity for involvement. We will therefore host workshops in geographic locations that are reflective of network activities and ensure workshop participants provide a representative sample of Victorian/Albury customers
 - During this phase, AGN will identify key issues and proposed initiatives which require further re-engagement, or ‘Deep – Dive’ consultation



Research partners

AGN has engaged an independent facilitator and expert advisor to support the research phase.

Research Phase | Timetable

- *end February 2016*: Finalise stakeholder engagement strategy
- *7 March – 30 March 2016*: Conduct Independently Facilitated workshops
- *March – April 2016*: Conduct key stakeholder one-on-one meetings
- *April 2016*: Send draft Terms and Conditions to Retailers for first stage review
- *end April 2016*: Publish Insights Report [open for consultation, 4 weeks]
- *early May 2016*: Reference Group Meetings to discuss Insights Report

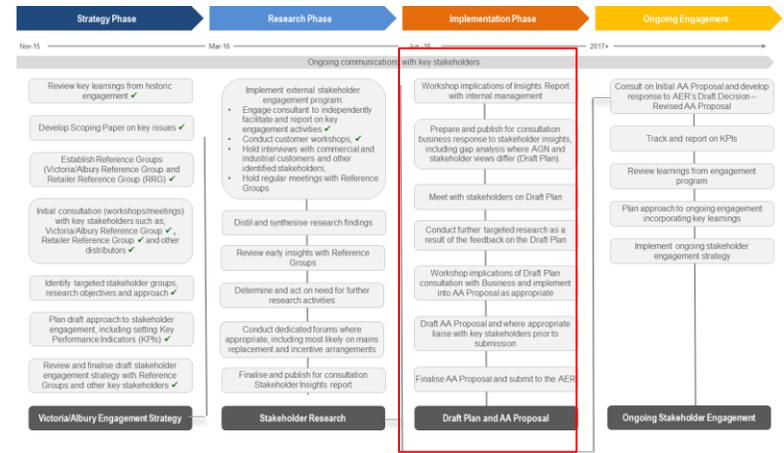
Research Phase | Workshop details

	Workshop location	Stakeholder group	Venue
Mon 7 March	Workshop 1: Wodonga	Residents and Commercial/Small Industrial customers	Wodonga Quest 46 Reid St, Wodonga
Tues 8 March	Workshop 2: Melbourne Metropolitan	Residents	Pullman Melbourne on the Park, 192 Wellington Parade, East Melbourne
Mon 21 March	Workshop 3: Shepparton	Residents and Commercial/Small Industrial customers	Shepparton Quest 177-183 Welsford Street, Shepparton
Tues 22 March	Workshop 4: Narre Warren	Residents and Commercial/Small Industrial customers	Narre Warren Quest Corner Verdun Drive and Princes Highway, Narre Warren
Wed 23 March	Workshop 5: Melbourne Metropolitan	Residents and Commercial/Small Industrial customers	Mantra Bell City 215 Bell Street, Preston
Wed 30 March	Workshop 6: Traralgon	Residents and Commercial/Small Industrial customers	LaTrobe Convention Centre (Quality Inn) 5 Airfield Rd (Corner Princess Hwy) Traralgon
			ALL WORKSHOPS 6.30pm – 9.30pm
			<i>Correct as at 9 March 2016</i>

Developing insights to reflect the views of Victorian and Albury customers

Implementation Phase

- The Implementation Phase of AGN's engagement program focuses on embedding the findings from the Research Phase into our AA Proposal.
- The Implementation Phase will take place from June 2016, key activities will include:
 - Publishing **stakeholder insights report** on dedicated stakeholder engagement website (open for comments)
 - Presenting **stakeholder insights** to internal stakeholders, in particular senior AGN management
 - Engaging with Reference Groups on key insights
 - Internal workshops to “operationalise” findings
 - Business planning and modelling to adjust Business Plans as appropriate to incorporate **stakeholder insights**
 - Development and publish of a **Draft Plan** mid-year, for further stakeholder engagement. The Draft Plan will explain our preliminary view on forecast expenditure and prices for the next AA period. We will also explain how our stakeholder engagement has influenced our Draft Plan (open for a 6 week consultation period)
 - Following the release of the **Draft Plan**, AGN will conduct further stakeholder engagement on proposed initiatives/investment decisions as appropriate – this is likely to include further ‘Deep Dive’ workshops on issues such as our proposed incentive arrangements
 - Development and publish of our **Access Arrangement Proposal**



Implementation Phase | Timetable

- *end April 2016*: AGN/APA internal meeting to discuss Stakeholder Insights
- *End May 2016*: Review stakeholder feedback on **Stakeholder Insights Report**
- *5 July 2016*: **Publish Draft Plan [open for consultation for 6 weeks]**
- *mid July 2016*: Reference Group meetings on **Draft Plan**
- *Post 16 August 2016*: Revise stakeholder feedback on **Draft Plan**
- *August through November 2016*: Ongoing stakeholder engagement as required (including further 'Deep Dive' workshops on key issues from feedback on the Draft Plan)
- *7/8 December 2016*: Reference Group meetings on AA Proposal
- *By 1 January 2017*: Submit **AA Proposal** to the AER

Implementation Phase | Draft Plan content

The Draft Plan will provide stakeholders an opportunity to review and comment on our preliminary views on our expenditure proposals, prices and terms and conditions over the next Access Arrangement period.

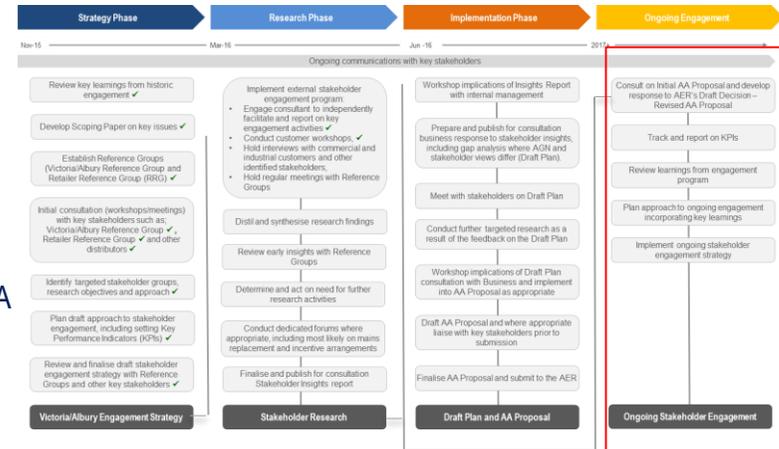
AGN Draft Plan	Description of contents
Foreword from the CEO	
Executive summary	Summary of key points for consultation
Introduction	Our role and our vision and values Purpose and Structure Regulation
Business Overview and Track Record	Track record, past performance and benchmarking
Stakeholder engagement program	Timeline and description of stakeholder engagement process Summary of what we heard as part of the stakeholder engagement program
What we will deliver	Outcomes from the Insight Report and key aspects of our Business Plan
Pipeline services	Proposed Pipeline services description
Expenditure	Indicative Capital and Operating expenditure
Financing Costs	Proposed rate of return approach
Incentives Arrangements	Incentive schemes we are proposing
Demand Forecasts	Indicative demand forecast
Network pricing	Average annual network charges
Next Steps	How to provide feedback and description of the next steps
Glossary	

Draft Plan will have a 6 week stakeholder consultation period.

The Draft Plan is an important part of our Stakeholder engagement process

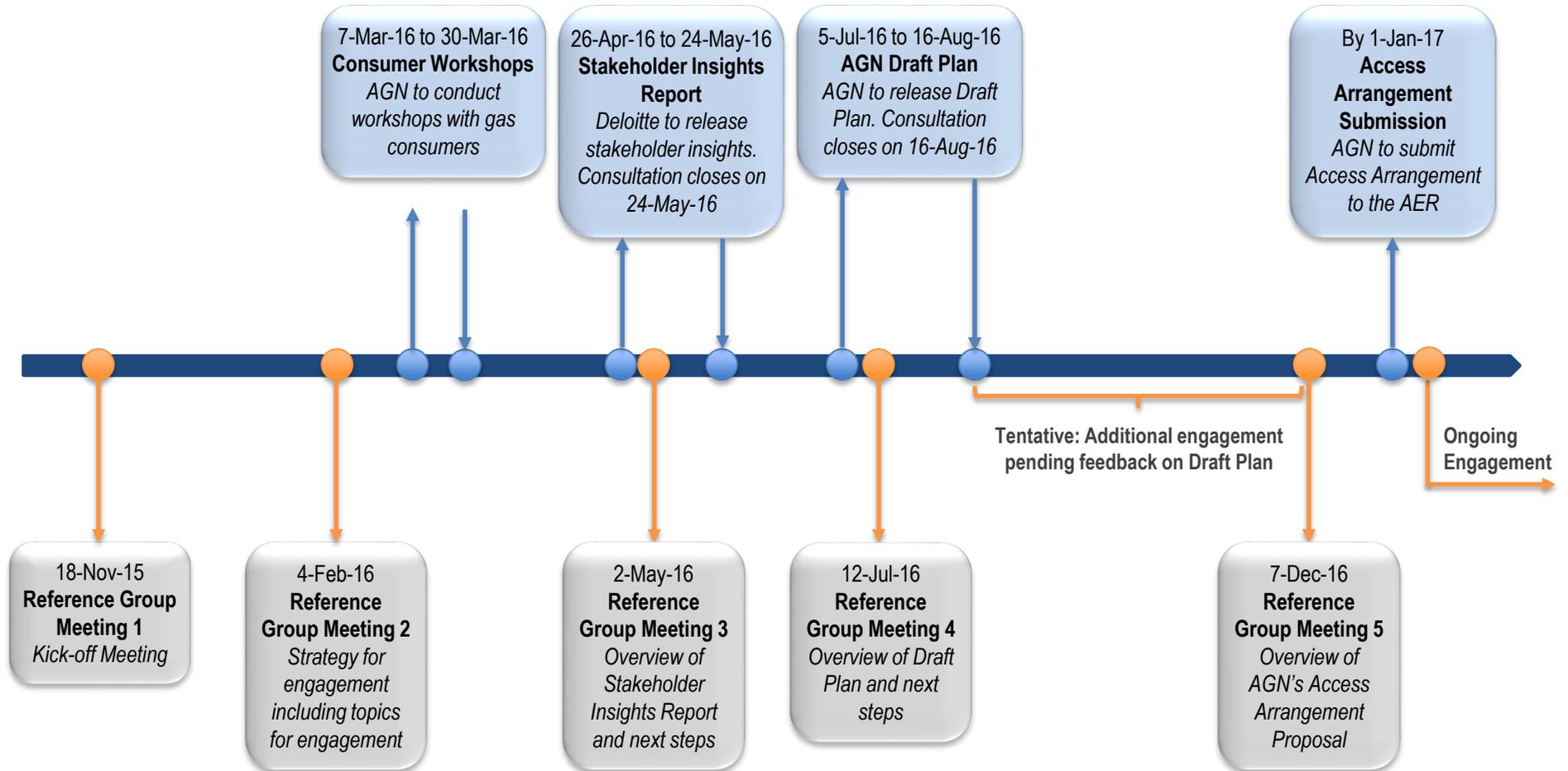
Ongoing Engagement Phase

- AGN's strategy provides for an ongoing focus on stakeholder engagement
- AGN will continue to engage in Victoria and Albury, and apply the learnings to other regions.
- The details of this phase will evolve following the completion of the Victoria/Albury AA review process. AGN, together with key stakeholders, will review the stakeholder engagement strategy to identify future opportunities and apply key learnings across the business including guidance from stakeholders on the level of engagement they would like moving forward.
- This process is currently underway in South Australia where the SA Reference Group has a defined program of five meetings per annum, with pre-defined agenda's informed by the Group itself.
- We will seek to ensure our business plans continue to reflect the wants and needs of consumers.

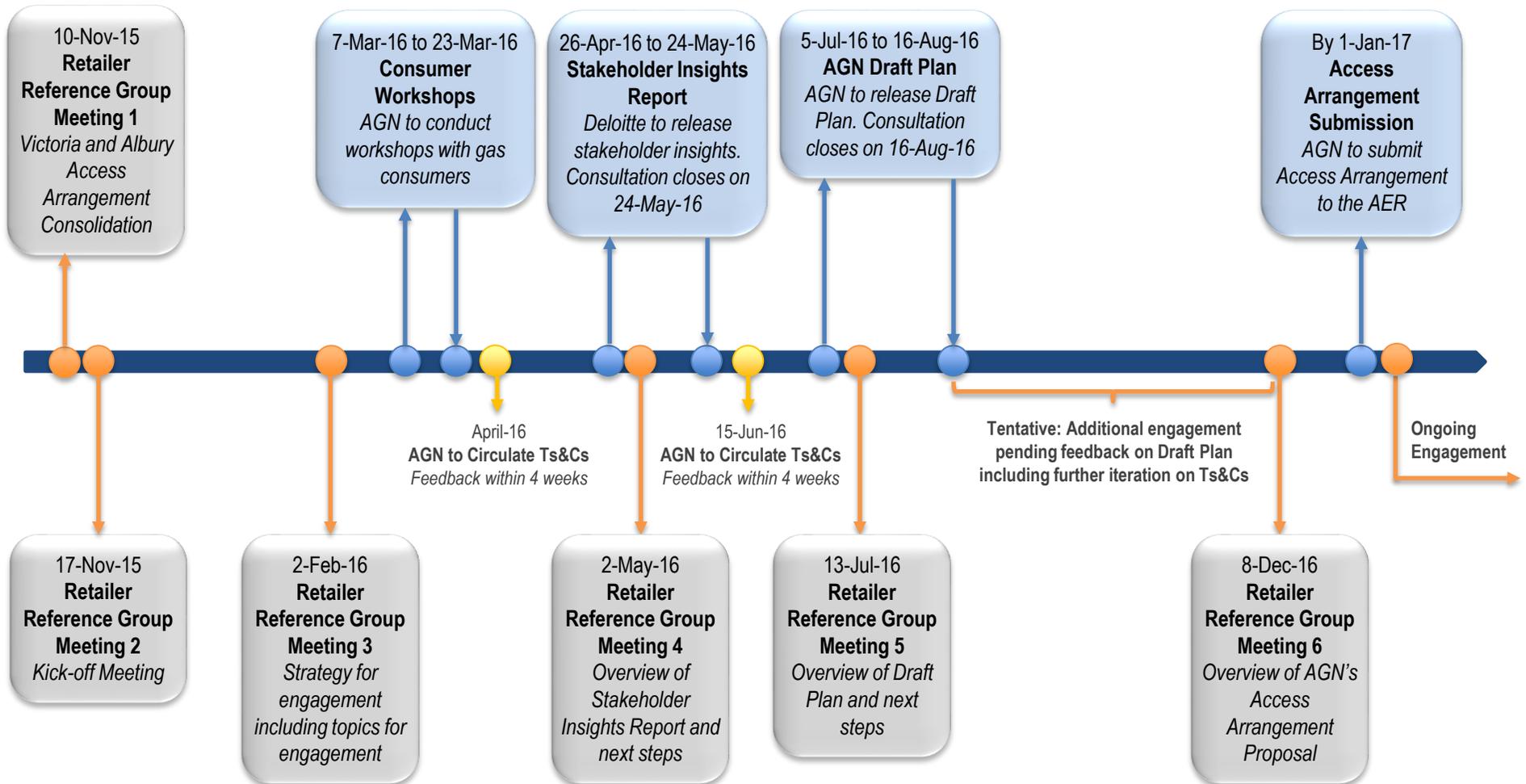


AGN is committed to continued and meaningful engagement with stakeholders

Victoria/Albury Reference Group | Timetable



Retailer Reference Group | Timetable



Also expecting ongoing engagement on our tariff structures

For further information visit our website:
haveyoursay@agnl.com.au

or contact:

Craig de Laine
General Manager Regulation
Draft Plan
Australian Gas Networks
Level 6, 400 King William Street
Adelaide SA 5000

1300 001 001

