

# Stakeholder Engagement Overview



## Stakeholder Engagement Overview



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## Approval and Amendment Record

VERSION	AMENDMENT OVERVIEW
1	



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## 1. Introduction

This document tells the story of our customer and stakeholder engagement in the preparation of our Access Arrangement proposal for the 2018 to 2022 period.

While it does not face the same scale of rate of disruption as the electricity market, Victoria's gas market is not immune to the changes currently occurring in the energy landscape.

The East Coast gas market is now linked to the international gas market through the development of the LNG export industry in Queensland. Public awareness of the impact of this development on wholesale gas prices is increasing.

The emergence of new energy technology and the growing focus on renewable energy targets is also encouraging customers to become more engaged in energy decision making.

With this in mind, we designed our approach to customer and stakeholder engagement around identifying the issues that are of key importance to our customers and ensuring our engagement was a meaningful, two-way conversation.

We are continually reviewing and assessing our engagement, which includes seeking feedback from our stakeholders on areas where we can improve.

A key area of improvement throughout this process has been the mapping of our stakeholders and the topics of specific interest to each group in order to improve the efficiency of our engagement and benefit from frank and robust debate about key issues, much of which is reflected in our proposal.

We are seeing energy change from being an essential service to a consumer product, where customers increasingly exercise choice on how they meet their energy needs. As customers become more engaged with energy decision making, we will continue to refine our engagement approach which is critical for our long-term business success.

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## 2. Strategy and approach

### 2.1. Approach

Our approach to customer engagement recognises the importance of understanding our customers' needs and preferences, and involving them in our decision making.

In creating the engagement strategy, we have commenced a process to fundamentally change our business approach to ensure we consult early and broadly with our customers, stakeholders, and the community beyond the preparation of our Access Arrangement proposals.

We believe this approach not only meets the National Gas Objective (NGO) (Box 2.1) but also opens a two-way dialogue that ensures our investment proposals meet the needs, expectations, and long term interests of our customers.

#### Box 2.1 – National Gas Objective

...is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.

The aim of our stakeholder engagement program for the 2018 to 2022 Access Arrangement proposal was to give customers and other stakeholders the opportunity to express their views and concerns and provide input on how we invest in their gas network.

Our stakeholders are diverse, so in order to ensure we captured the breadth of their long term interests, our engagement process considered our different stakeholder groups' capacity to engage, the impact of different elements on them, and their areas of influence.

#### 2.1.1. Who we engaged with

Multinet Gas has a diverse network and with that comes a broad range of customers with a differing level of interest and understanding of gas distribution and the energy industry.

Our mapping allowed us to understand the most effective way to engage across our network and helped us to establish our priorities:

- Identifying the appropriate means or mechanisms for engaging our diverse customer base
- Identifying and prioritising the important issues for consultation with each group
- Setting our objectives for this consultation.

In identifying the best way to engage across our network, we first divided our customer base into three main segments with similar needs, expectations and priorities:

- Residential and small business customers and their representatives
- Large business and industrial customers and their representatives
- Retailers, Government, and other network users.

From this segmentation, we determined the most effective and efficient forums for engaging each group, taking in to consideration time constraints, levels of interest, and knowledge.

### 2.1.2. How we engaged

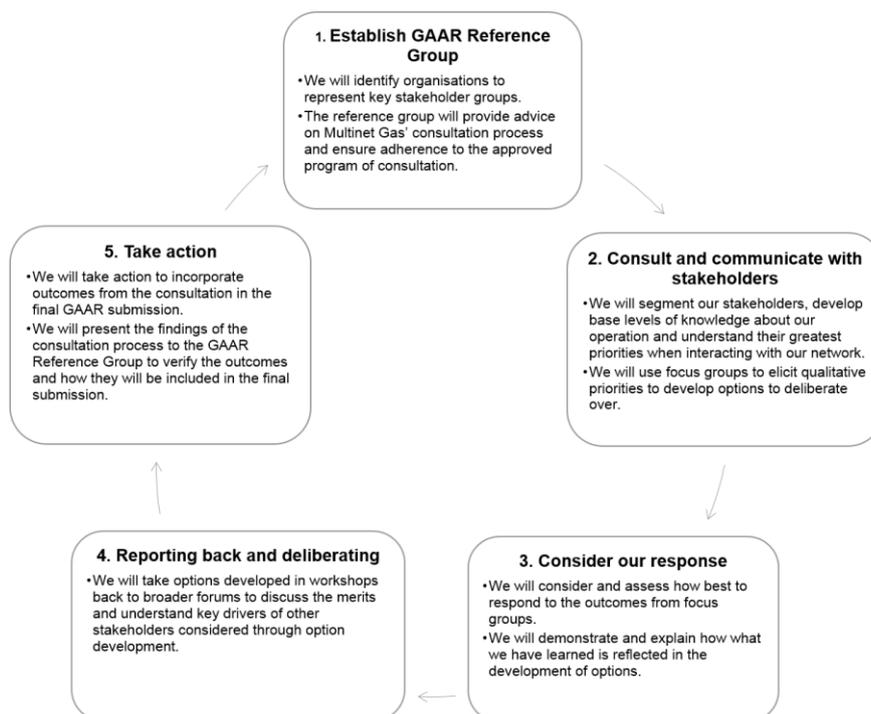
Due to the differing needs of each group we avoided a “one size fits all” approach and, instead, tailored our approach and materials to each group:

- Residential and small customers – we commissioned research on customers’ views on their gas supply and the potential for gas price rises. This was followed by a series of focus groups with a cross-section of customers from across our network area
- Large business and industrial – we conducted one-on-one interviews and commissioned a gas usage survey
- Retailers and other network users – we engaged this group through forums and one-on-one discussions.

We also established a Customer and Stakeholder Reference Group which comprised customer and industry representatives of residential, small business and large industrial customers, as well as the broader Victorian community. This Reference Group was engaged through forums and one-one-one discussions.

### 2.1.3. Engagement approach

Our approach to stakeholder engagement has five elements, illustrated below. While they are represented sequentially, they are part of Multinet Gas’ commitment to an on-going process of engagement.



## 2.2. Strategy Development

In December 2013, we engaged KPMG to assist in the preparation and implementation of a number of elements of our engagement program. Using this as a framework, we developed our Customer and Stakeholder Engagement Plan which lays out the strategic approach to improve the quality and effectiveness of our engagement activities.

A copy of the strategy is available on our website at [multinetgas.com.au](http://multinetgas.com.au) and is also provided as an Appendix to our Access Arrangement proposal.

The strategy was developed with input from across our business, including senior management. A draft was provided to members of our Customer and stakeholder Reference Group for their review and feedback.

The strategy aims to give effect to our stakeholder engagement vision, which is that:

- We will be an outwardly focussed business. We will embed effective stakeholder engagement throughout our operations and develop mature relationships with our stakeholders based on effective two-way communication and understanding.
- We will consider the views of all individuals and organisations that have an interest in our services to be our stakeholders. It recognises that stakeholders have different levels of interest and knowledge of our operations and services.
- Our objectives for consultation with each of these customer segments were established with reference to the IAP2 public participation spectrum (figure 2.2), reflecting the capacity and motivation of these segments to participate in our consultation program.

## 2.2 Alignment with IAP2 spectrum

IAP2 element	Application to GAAR consultation
<b>Inform:</b> To provide stakeholders with balanced and objective information to assist them in understanding the problem, opportunities and/or solutions	Develop and implement a communication and engagement action plan that provides detailed information about the Multinet Gas network and future requirements for maintenance or capital works
<b>Consult:</b> To obtain feedback on analysis, alternatives and decisions.	Develop and implement a GAAR Customer and Stakeholder Reference Group to represent broader community groups to seek feedback as a representative for their group.
<b>Involve:</b> To work directly with stakeholders to ensure their aspirations are understood and considered.	Develop and implement a series of workshops/deliberative forums with interested business, commercial, and customers
<b>Collaborate:</b> To partner with stakeholders in each aspect of the decision including development of alternatives and identification of the preferred solution.	Host a multi-stakeholder workshop to develop a series of alternatives to achieve outcomes needed to maintain the network.

Customer engagement in the development of our investment plans for the 2018 to 2022 access arrangement period included the following phases, commencing in early 2015.

### Phase 1: Strategy Development

We recognised that in order to meet changing community expectations, we needed fresh thinking about the way we communicate. We developed our Customer and Stakeholder Engagement Strategy to outline our commitment and approach.

### Phase 2: Community outreach and consultation

Throughout 2016 we ran a series of in-depth consultation sessions with key stakeholder groups on major topic areas to be considered in our proposal. These included customer services, pipe works replacement and innovation, and environment and safety.

### **Phase 3: Preliminary proposal overview**

In November 2016, we presented the direction and priorities of our proposal to our key representative group for feedback. The proposal explicitly addressed the price impacts of our proposed approach, and the impacts on our service offering over the next regulatory period.

Our engagement strategy commits us to listening to understand the issues that are most important to our stakeholders. It also identifies the specific issues that we have identified to engage our stakeholders on:

- Safety
- Environment
- Customer connections
- Customer service and satisfaction
- Major projects and investment
- Innovation and new technology
- Regulatory processes.

We will continue using insights about these issues to ensure our future network investments are targeted and that our service offering meets customers' expectations.

### 3. Stakeholder engagement activity

#### 3.1. “Multinet Gas Stakeholder Consultation” - FSC Report

We commissioned a series of focus groups across our network area, including in Clayton, Windsor, Blackburn, and Croydon.

These focus groups were specific to residential and small business customers and recruitment was done by Focus People to ensure representation was geographically, socio-economically, and culturally and linguistically diverse. Prior to conducting the focus groups, our Reference Group provided input and feedback on the structure and topics to be presented.

Farrier Swier Consulting (FSC) facilitated the focus groups and prepared a final report on the outcomes. A Multinet Gas’ representative attended as an observer and addressed participants’ specific questions about our operations.

##### 3.1.1. Engaging with our residential and small business customers

Two focus groups were held at each location, one for small business customers and one for residential customers. Each group was asked the same questions and was provided with the same information.

Date and location	Small business customers	Residential customers
26 July 2016 Clayton	10	9
28 July 2016 Windsor	10	10
2 August 2016 Blackburn	8	10
4 August Croydon	9	11

##### 3.1.2. Topics

Following feedback and endorsement from our Reference Group, the topics discussed at the focus groups were:

- Our network objectives
- Replacement of mains pipelines
- Guaranteed Service Level payments
- Communications from us
- Technology and innovation, including digital meters.

##### 3.1.3. Findings

For all groups, most consumed gas for heating. Cooking was the second most popular use for gas across all of the groups. A summary of the key insights is provided in the table below.

## Summary of key findings

Key insight	Why
Awareness of Multinet Gas is very low	<ul style="list-style-type: none"> <li>Less than 15% of attendees had heard of Multinet Gas and most were confused as to the role of Multinet Gas versus their retailer.</li> <li>Those with an awareness of Multinet Gas attributed it to the replacement or connection of meters, and planned outages.</li> <li>The most common feedback was that their gas was always reliable so they had very little reason to find out who their distributor is</li> </ul>
Reliability and price are most important	<ul style="list-style-type: none"> <li>When asked what is most important to them, most attendees regarded reliability and price together followed by safety and quality</li> </ul>
Multinet Gas is meeting customer expectations	<ul style="list-style-type: none"> <li>Most attendees felt that Multinet Gas has met their expectations on the basis that they have not needed to interact with us</li> </ul>
Pipeworks and mains replacement were supported	<ul style="list-style-type: none"> <li>All attendees were against the idea of less investment in pipeworks and mains replacement programs if it increased the risk of lower reliability</li> </ul>
Better communication of Guaranteed Service Levels is needed	<ul style="list-style-type: none"> <li>Very few attendees were aware of Guaranteed Service Levels and most strongly supported better communication to customers on how to access them</li> <li>There was a strong view that Guaranteed Service Levels should not change but, if they were to, the preference was for increasing the payments to reflect current costs</li> </ul>
Digital notification of outages is preferred	<ul style="list-style-type: none"> <li>There was strong support for SMS notifications of gas emergencies and outages</li> </ul>

## 3.2. Consultation on Incentives

### 3.2.1. “Issues Paper – Incentive Mechanisms for the Victorian Gas Distribution Businesses” – FSC Report

The three Victorian gas distribution businesses, Multinet Gas, Australian Gas Networks and Ausnet Services, commissioned FSC to prepare an issues paper to:

- Explore potential changes to the incentive mechanisms that could be introduced in the forthcoming access arrangement period with a particular focus on the potential benefits and detriments that might accrue to customers
- Provide a basis for engaging stakeholders including:
  - assisting stakeholders to understand the background and key issues
  - assisting the businesses to understand stakeholders’ views
  - providing input to the businesses for developing their proposed incentive arrangements that might be included in the AAI for the forthcoming regulatory period.

The issues paper is included as an attachment to our Access Arrangement Information.

### 3.2.2. Stakeholder Forum – 11 July 2016

A total of 20 attendees representing a cross-section of retailers, industry representatives and small and large business representatives were approached to provide feedback on FSC's issues paper and to participate in a stakeholder forum that was held in Melbourne on 11 July 2016.

Industry Segment	Organisation
Business and Consumer Groups	<ul style="list-style-type: none"> <li>Alternative Technology Association</li> <li>St Vincent de Paul</li> <li>Consumer Utilities Advocacy Centre</li> <li>Energy Consumers Association</li> <li>Energy Users Association of Australia</li> <li>Council of Small Business Australia</li> <li>Australian Industry Group</li> </ul>
Retailers	<ul style="list-style-type: none"> <li>Energy Australia</li> <li>Lumo</li> <li>Simply Energy</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>Australian Energy Regulator</li> <li>Australian Energy Market Commission</li> </ul>
Industry Representatives and network users	<ul style="list-style-type: none"> <li>Energy Network Association</li> <li>Jemena</li> </ul>

The purpose of the forum was to facilitate an in-depth discussion and debate about incentive mechanisms, seeking feedback from stakeholders on the desirable attributes of an incentive framework. The forum:

- Discussed the current incentive arrangements
- Overviewed economic and regulatory considerations relevant to future incentive arrangements
- Overviewed the nature of potential incentive schemes
- Considered theoretically desirable attributes of an incentive framework
- Provided an opportunity for questions and debate

### 3.2.3. “Findings Report – Victorian Gas Distribution Businesses’ Consultations on Incentive Mechanisms” – FSC Report

FSC prepared a “Findings Report” following the stakeholder forum which the incentive framework could be strengthened by introducing:

- Introducing a Capital Efficiency Sharing Scheme
- Customer service incentives to counter-balance stronger cost reduction incentives created by introducing a Capital Efficiency Sharing Scheme
- Strong network innovation incentives.

### 3.3. GAAR Customer and Stakeholder Reference Group

As the primary means of engagement across issues that affect our broader customer and stakeholder base, the Customer and Stakeholder Reference Group was established to provide guidance on the views of their constituents and to assist us in our decision making for our 2018 to 2022 Access Arrangement proposal.

Comprising a diverse range of customer and stakeholder advocates including vulnerable customers, and Culturally and Linguistically Diverse communities, the Reference Group met as a group and individually with Multinet Gas to work through a range of topics.

Customer segment	Organisation
Residential customers and small business	<ul style="list-style-type: none"> <li>• Energy Consumers Australia</li> <li>• Consumer Utilities Advocacy Centre</li> <li>• Council on the Aging</li> </ul>
Vulnerable customers and CALD	<ul style="list-style-type: none"> <li>• St Vincent de Paul</li> <li>• Brotherhood of St Laurence</li> <li>• South East Community Links</li> <li>• Kildonan</li> </ul>
Other stakeholders	<ul style="list-style-type: none"> <li>• Alternative Technology Association</li> </ul>

#### 3.3.1. Terms of reference

A short Terms of Reference was discussed and agreed with the Group members at the beginning of the consultation process. The Terms of Reference was essentially consistent with the same for the United Energy & Multinet Gas Customer Consultative Committee and Reference Group for the Electricity Distribution Price Review (EDPR).

### Terms of Reference

1. The GAAR Reference Group's (Reference Group) scope is limited to the business activities of Multinet Gas (MG).
2. External members of the Reference Group are empowered to provide MG with verbal and written information gathered from the constituents of their respective organisations or from other individuals or sources such as correspondence or published materials.
3. Reference Group members are free to seek information from MG on topics of interest to them, other than matters formally identified as "Commercial in Confidence". MG shall invite staff with specialist skills or knowledge to assist with specific issues as appropriate. MG accepts that it has a responsibility to consider and respond to all issues raised.
4. The Reference Group will meet a minimum of four times in the lead up to the submission of the Gas Access Arrangement Review plan (plan), either at MG offices or other nominated location from time to time. Additional meetings may be arranged at the request of either the Reference Group or MG.
5. The Reference Group Chair shall ensure that all issues are being addressed in a positive, timely and co-operative manner.
6. The Reference Group forms a key component of the organisation's community and stakeholder engagement activities and is designed to assist the business in how it can improve its understanding and management of stakeholder expectations and ensure the Access Arrangement proposal reflects the long term needs of the community.
7. The Reference Group is an advisory group only. It can make recommendations, but has no decision making authority, unless specifically delegated by the Chair at his or her discretion.

### 3.3.2. Consultation sessions

The Reference Group met as a group and individually with key MG senior employees to provide input and feedback on a range of topics:

Date 2016	Format	Topic Area
Thursday 10 March	Group consultation	GAAR overview: <ul style="list-style-type: none"> <li>- Introduction to Multinet Gas</li> <li>- Overview of the regulatory framework</li> <li>- The GAAR process, timeframes, outcomes and implications</li> <li>- Engagement program</li> <li>- Issues to be considered</li> <li>- Consultation process and opportunities</li> </ul>
Thursday 12 May	Group consultation	Network investment and innovation: <ul style="list-style-type: none"> <li>- Demand forecast</li> <li>- Network related capital investment to plan for future customer needs</li> <li>- Initiatives to support technology innovation</li> </ul>

Date 2016	Format	Topic Area
Monday 11 July	Joint Forum with retailers and other stakeholders	Incentive mechanisms: <ul style="list-style-type: none"> <li>- The nature of, and rationale for, strengthening the incentive framework that currently applies to gas distributors in Victoria</li> </ul>
Thursday 11 August	Group Consultation	Network investment and Guaranteed Service Level Payments <ul style="list-style-type: none"> <li>- Options and opportunities</li> </ul>
Week commencing Thursday 3 October	Individual consultation	Tariff structures and price path scenarios: <ul style="list-style-type: none"> <li>- Base, medium and high scenarios of potential investment proposals</li> </ul>
Thursday 17 November	Group consultation	GAAR proposal 2018-2022: <ul style="list-style-type: none"> <li>- High level summary of draft GAAR proposal</li> </ul>

### 3.4. Large customer consultation

Given the small number of large customers in our service area, we primarily used our existing relationships to engage with them via one-on-one interviews.

We considered all options for engagement, however, considered one-on-one interviews to be the most appropriate channel for this group since:

- They are generally time poor
- Are only interested in discussing the issues that are specific to them
- During discussions, confidential issues relating to their commercial operations such as their future demand and pricing arrangements.

#### 3.4.1. Tariff D survey

A survey was sent to all of our Tariff D customers (representing 30 to 35 per cent of our Tariff D consumption and 21 to 23 per cent of our Tariff D MHQ) about anticipated changes in their future loads.

Of the one hundred and eleven Tariff D customers surveyed, twenty of the largest were approached to provide further information on their responses. Three of the approached customers agreed to be interviewed on their gas usage projections:

- Monash Medical Centre
- Viridian Glass
- Cogeneration Tasmania Hydro.

### 3.5. Retailer consultation

Our retailer consultation was a mix of one-on-one interviews and joint forums.

The joint forum allowed us to seek feedback on a common topic to each of the retailers while the one-on-one interviews were used to discuss issues of specific interest including:

- Tariff structures – three part seasonal tariff versus a simpler peak and off-peak tariff

- Ancillary Reference Charges
- Terms and conditions under the current Access Arrangement and any changes they would like to see
- UAFG and their views on taking on the risk for UAFG in return for lower tariffs as a result of administrative savings associated with UAFG reconciliation
- Guaranteed Service Levels.

One on one interviews were held with:

- Origin Energy
- AGL
- Energy Australia.

### **3.6. Consumer Challenge Panel**

The Australian Energy Regulator appointed its second Consumer Challenge Panel (CCP) on 29 September 2016 to advise it on whether energy networks' spending proposals are in the long-term interests of consumers,

The sub-panel (CCP 11) appointed to our Gas Access Arrangement review were:

- Robyn Robinson
- Chris Fitz-Nead
- David Prins
- Bev Hughson.

We met with the members of CCP11 on 16 November 2016 to present the key elements of our proposal and an overview of our stakeholder engagement activities. In preparation for the meeting, we provided reference materials including stakeholder consultation plans and reports that we had prepared in relation to the proposal.

While the engagement with the CCP was brief and came relatively late in the process of developing our proposal, we found members to be highly engaged and constructive.

Sub-panel member David Prins also attended the final GAAR Reference Group meeting, which was held on 17 November.

## Stakeholder engagement activity

### Stakeholder Engagement activity summary

Date	Activity	Stakeholder
<b>February 2016</b>	Formation of GAAR Customer and Stakeholder Reference Group	ATA St Vincent de Paul CUAC Energy Consumers Australia Brotherhood of St Laurence South East Community Links COTA Kildonen
<b>March 2016</b>	GAAR Reference Group Meeting 1 - GAAR overview	GAAR Reference group
<b>May 2016</b>	GAAR Reference Group meeting 2 - Network investment and Innovation	GAAR reference Group
<b>June 2016</b>	Retailer consultation - Tariff Structures, Guaranteed Service Levels, Ancillary Reference Charges	AGL Click Gas Covau Energy Australia Origin Energy
<b>June 2016</b>	Joint forum on incentive mechanisms	Stakeholders Retailers Customer groups
<b>July 2016</b>	Customer Survey - Gas usage and forecasting	Large customers
<b>July - August 2016</b>	Individual customer and small business focus groups	residential customers small business
<b>August 2016</b>	GAAR Reference Group 3 - Outcomes of customer and small business focus groups, digital metering, guaranteed service levels	GAAR Reference Group

## Stakeholder engagement activity

Date	Activity	Stakeholder
<b>August 2016</b>	Retailer consultation - Tariff Structures, Guaranteed Service Levels, Ancillary Reference Charges	Red Energy Simply Energy Visy ERM Power Lumo Momentum Red Energy
<b>September 2016</b>	Large Customer consultation - Gas network priorities	Cogeneration Hydro Tasmania (supplying Dandenong Hospital) Veridian Glass
<b>September 2016</b>	Stakeholder consultation - marketing and price path	ATA Brotherhood of St Laurence
<b>October 2016</b>	Large Customer consultation - Gas network priorities	Monash Medical Centre
<b>October 2016</b>	Stakeholder consultation - marketing and price path	ECA
<b>October 2016</b>	Stakeholder consultation - marketing and price path	South East Community Links
<b>October 2016</b>	Stakeholder consultation - marketing and price path	CUAC
<b>November 2016</b>	Consumer Challenge Panel –key elements of proposal), stakeholder engagement	Consumer Challenge Panel
<b>November 2016</b>	Retailer consultation - joint forum	AGL Dodo/M2 Energy Australia Lumo Momentum

Stakeholder engagement activity

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Date	Activity	Stakeholder
		Origin Energy Red Energy Globird Energy
<b>November 2016</b>	GAAR Reference group - AI and price path	GAAR Reference Group

## Stakeholder engagement activity

### Stakeholder Engagement – activity purpose and outputs for AAI

	GAAR Reference Groups	Tariff D Survey / Large customer consultation	Workshops – Residential / Commercial & Industrial	Retailer consultation
<b>Who</b>	<ul style="list-style-type: none"> <li>Alternative Technology Association (ATA)</li> <li>St Vincent de Paul</li> <li>Consumer Utilities Advocacy Centre (CUAC)</li> <li>Energy Consumers Australia (ECA)</li> <li>Brotherhood of St Laurence</li> <li>South East Community Links</li> <li>CoTA (Council on the Ageing)</li> <li>Kildonan</li> </ul>	Largest 30 consumers	<p>Eighty participants from a cross section of MG's distribution area to attend eight independently facilitated focus groups comprising:</p> <ul style="list-style-type: none"> <li>Four residential workshops</li> <li>Four commercial workshops</li> </ul>	Top six retailers to contribute to the meetings
<b>Purpose / topics</b>	<ul style="list-style-type: none"> <li>GAAR process</li> <li>Network investment and Innovation</li> <li>Network objectives</li> <li>Guaranteed Service Levels (GSL)</li> <li>Digital meters</li> <li>Demand forecasts</li> <li>Mains replacement</li> <li>Expenditure and price path scenarios</li> <li>Other key aspects of GAAR proposal 2018-2022</li> </ul>	<ul style="list-style-type: none"> <li>Forecast Consumption (survey)</li> <li>Network investment and Innovation</li> <li>GLS</li> <li>Expenditure and price path scenarios</li> <li>Key aspects of GAAR proposal 2018-2022</li> </ul>	<ul style="list-style-type: none"> <li>Price Cap vs Revenue Cap</li> <li>Network investment and Innovation</li> <li>GLS</li> <li>Expenditure and price path scenarios</li> <li>GAAR proposal 2018-2022</li> </ul>	<p>Key issues:</p> <ul style="list-style-type: none"> <li>AA Terms and Conditions</li> <li>Digital Meters</li> </ul>

Stakeholder engagement activity

	GAAR Reference Groups	Tariff D Survey / Large customer consultation	Workshops – Residential / Commercial & Industrial	Retailer consultation
<b>Output</b>	<ul style="list-style-type: none"> <li>Minutes / actions, published to website</li> </ul>	<ul style="list-style-type: none"> <li>Survey results to be reflected in demand forecasts prepared by NIEIR and CORE</li> <li>Qualitative feedback from targeted one on ones</li> </ul>	<ul style="list-style-type: none"> <li>Focus groups report to be prepared by Farrier Swier for input into the AAI.</li> <li>Share outcomes with GAAR reference group</li> </ul>	<ul style="list-style-type: none"> <li>Submissions on key issues</li> <li>Understanding of stakeholder views for inclusion in our AA proposal</li> </ul>

## 4. Findings of engagement

Our approach to engagement sought to enable two-way conversations with our stakeholders so that their feedback would inform our decision making.

The following table summarises the findings on each of the key issues.

Issue	Stakeholder feedback	Stakeholder group
Mains replacement	Strong general support for our LP to HP Mains Replacement capex program given its focus on safety and reliability and for completing this 30-year program. Retailers also strongly supported not relying on a cost pass through but instead approving an up-front allowance because it provides greater certainty and transparency of pricing impacts.	<ul style="list-style-type: none"> <li>Large customers</li> </ul>
Incentives	General support for an incentive to reduce capex although there was concern that any inefficient reduction in capex could compromise reliability and necessitate future catch-up expenditure – this indicated that customers were mindful of their long-term interests.	<ul style="list-style-type: none"> <li>Residential and small business customers</li> <li>Customer and stakeholder Reference Group</li> </ul>
Marketing step change	Some feedback that would need to be further convinced of the need for, and benefits of, any marketing step change before supporting it.	<ul style="list-style-type: none"> <li>Customer and Stakeholder Reference Group</li> </ul>
Reference Tariff Variation Mechanism	General support for moving to a revenue cap given the difficulty in the AER accurately forecasting future demand, although retailers questioned whether a revenue cap provides appropriate incentives to grow demand.	<ul style="list-style-type: none"> <li>Customer and Stakeholder Reference Group</li> </ul>
Demand	Customer sentiment is generally consistent with our forecast decline in gas demand.	<ul style="list-style-type: none"> <li>Residential and small business customers</li> <li>Customer and stakeholder Reference Group</li> </ul>
Digital meters	Strong general support for a controlled pilot program, including from retailers, particularly one that focusses on replacing faulty meters and new connections, provided that it avoids the costly problems associated with the electricity AMI rollout. Retailers supported leveraging existing infrastructure, such as United Energy's IT communications.	<ul style="list-style-type: none"> <li>Residential and small business customers</li> <li>Customer and stakeholder Reference Group</li> </ul>
GSL	General support for retaining the current GSL scheme but that payments should be increased for inflation. Also, support for raising public awareness about GSL scheme.	<ul style="list-style-type: none"> <li>Residential and small business customers</li> <li>Customer and stakeholder Reference Group</li> </ul>
Tariffs	General support for the stability in tariffs between Access Arrangement periods.	<ul style="list-style-type: none"> <li>Customer and Stakeholder Reference Group</li> </ul>
Network KPIs	General support for our Network KPIs (detailed in Chapter 6 of our Access Arrangement Information) – in particular the safety KPI – but considered they could be framed to be more readily understood by external stakeholders. Retailers requested: <ul style="list-style-type: none"> <li>Regular reporting of our service performance against targets; and</li> <li>Introducing a new process to deal with any poor performance issues if not addressed in 30 days.</li> </ul>	<ul style="list-style-type: none"> <li>Retailers</li> </ul>
Communications	Strong support for providing information to customers on GSLs, LP to HP Mains Replacement capex and emergency matters, otherwise communication should be minimised. Post, website and email were the preferred communication media, with less support for social media. Clear preference for a call centre, rather than a digital self-service call centre.	<ul style="list-style-type: none"> <li>Residential and small business customers</li> </ul>

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Issue	Stakeholder feedback	Stakeholder group
Retail issues	Retailers requested the introduction of a new service being “installation of a service valve”. This would provide an alternative to cutting the pipe in the street where a disconnection has been requested but access a property is not available to either lock or plug the meter.	<ul style="list-style-type: none"><li data-bbox="1070 360 1198 387">• Retailers</li></ul>

## 5. Response and justification

The following table summarises our response to the key findings summarised in the above table and provides a reference to how we have included this feedback into our Access Arrangement Information.

Issue	Our proposed action	AAI Chapter
Mains replacement	Consistent with stakeholder feedback, our Mains Replacement Capex includes 625 kilometres of LP to HP mains replacement, consistent with completing the program by 2033.	13
Incentives	We are not proposing to introduce either a Capital Expenditure Sharing Scheme or a Customer Service Incentive Scheme as we consider that there is not an existing “problem” needing to be addressed. Any such schemes should only be introduced on a national, rather than on a jurisdiction-specific, basis.	18
Marketing step change	We propose an opex step change for marketing in order to arrest the decline in demand by: promoting gas as a fuel of choice; increasing the rate of new residential connections and average residential consumption; and increasing the take-up of gas in regional areas.	14
Reference Tariff Variation Mechanism	We propose changing our reference tariff variation mechanism for our Haulage Reference Services from a weighted average price cap to a revenue cap given the risk of the AER not accurately forecasting demand and therefore of us not recovering our efficient costs, consistent with the Revenue and Pricing Principles. We have a strong incentive to price our services as competitively as possible and to grow demand given that gas is a fuel of choice.	12
Demand	We engaged the NIEIR to forecast our demand. They are forecasting a general decline in consumption in the forthcoming Access Arrangement period, although this would be partially arrested by the marketing step change.	9
Digital meters	Consistent with stakeholder feedback, we propose undertaking a pilot scheme trial to install 10,000 digital meters in the forthcoming Access Arrangement period. This will inform a cost / benefit study to determine whether the AMI information and communications technology developed for United Energy’s electricity distribution network can be leveraged to facilitate the mass rollout of digital gas meters	13
GSL	We will continue to apply the GSL scheme in the Victorian Gas Distribution System Code.	14
Tariffs	We are not proposing any changes to our tariff structure in the forthcoming Access Arrangement period.	21
Network KPIs	We have explained in Chapter 8 of our Access Arrangement Information what outcomes we will deliver in the forthcoming Access Arrangement period – we will actively engage with our stakeholders on these matters.  We have also developed a service performance reporting template (see supporting document 8.1) and will use this to undertake regular reporting of our service performance against targets.  We will continue to work with retailer to develop a new process to deal with any poor performance issues.	8
Retail issues	Consistent with retailer feedback we have included an additional Ancillary Reference Service for “installation of a service valve”, as discussed in Chapter 11 of our Access Arrangement Information.	11