

DNA: Alive and (mainly) Thriving

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Kaurna
Land

Sally
Parnis



A Starting Point

No point changing the tyres if the car has no engine

Productivity Commission 2013



So what's happened over the next 5 years?



CPI for electricity compared with other sectors and wage growth

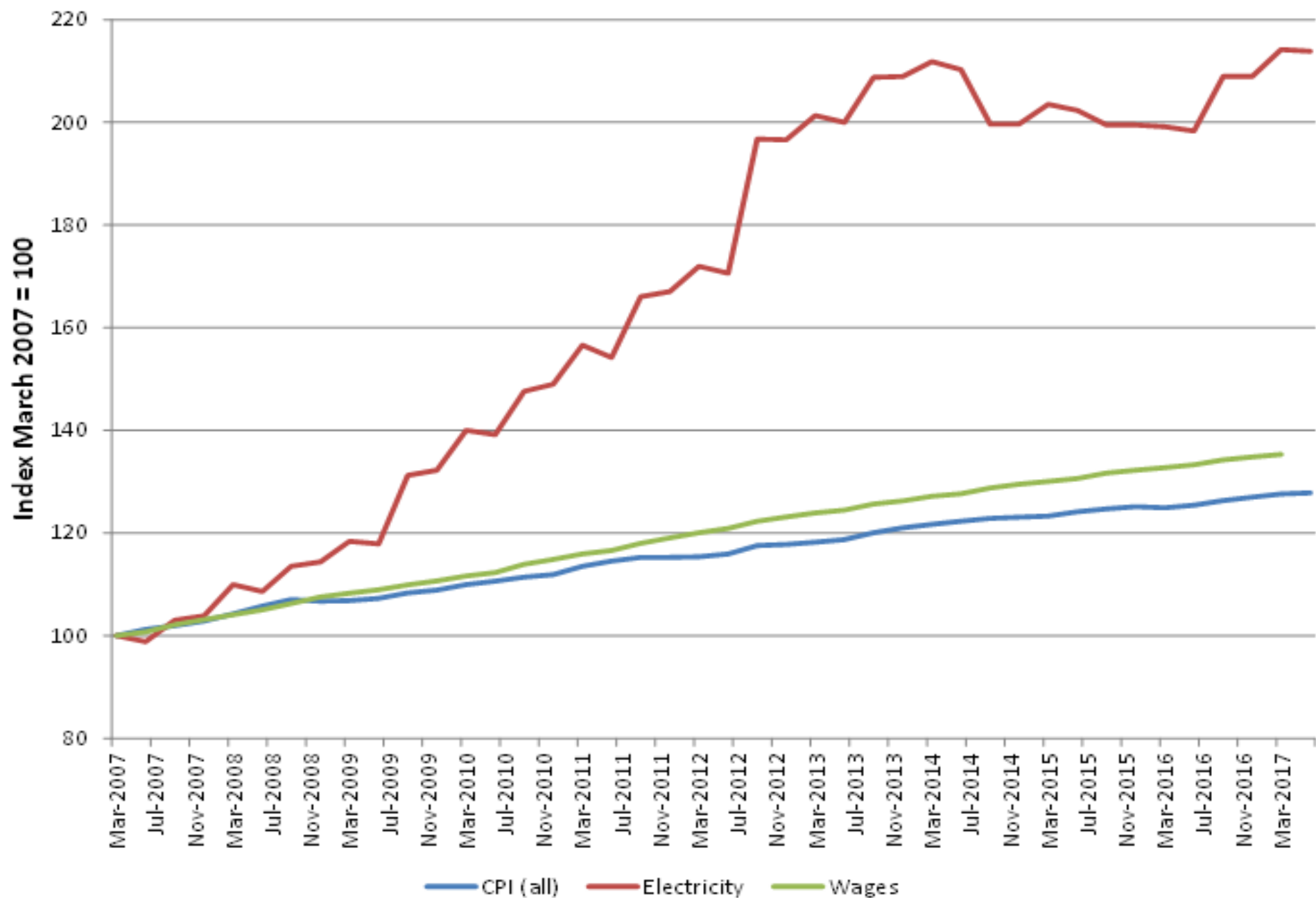
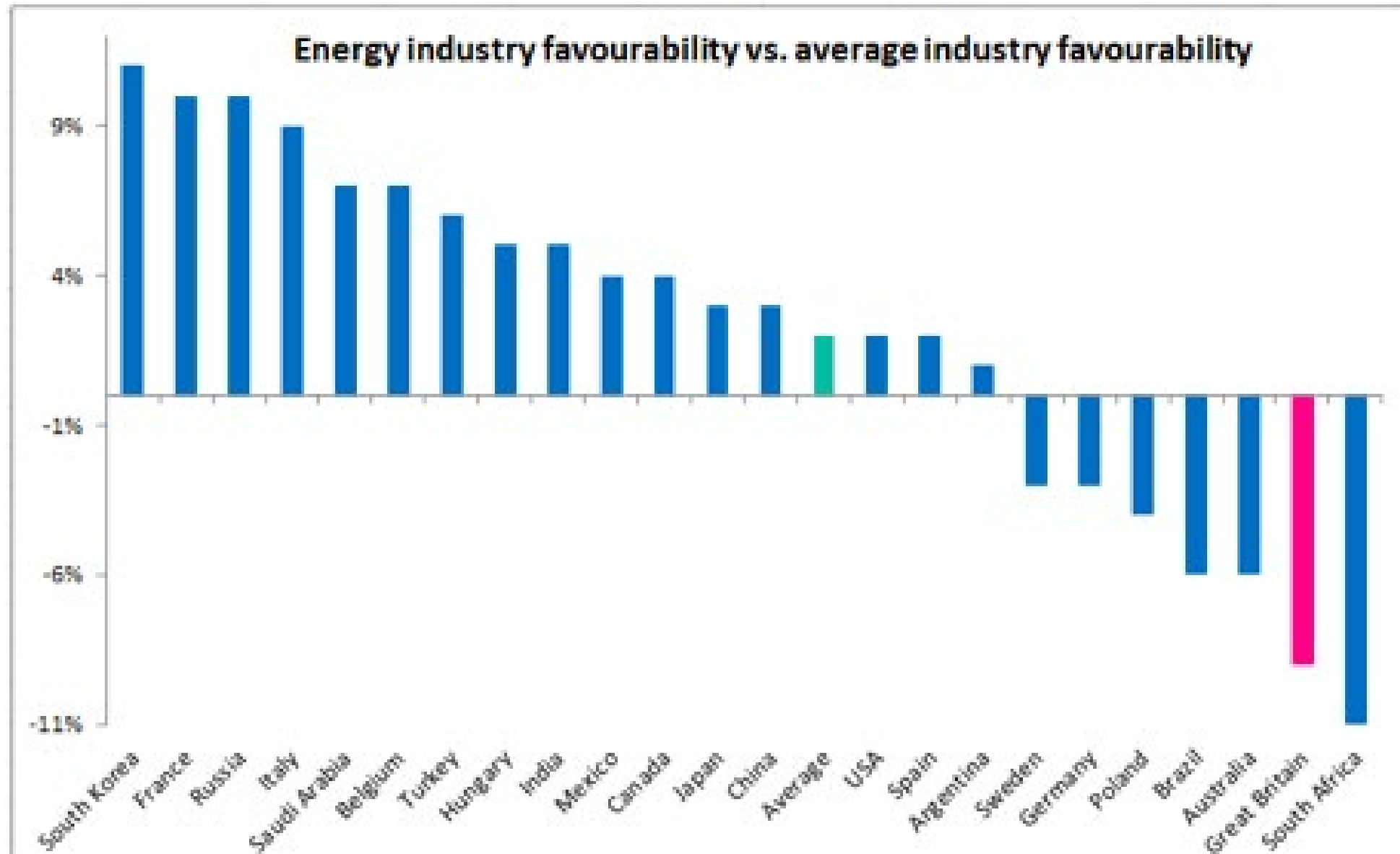


Photo Voice Project



We no longer use lights in
all the rooms of the house,
to try to cut **down costs.**

Low Trust



Source: Ipsos MORI surveys

Change is everywhere:

Blowing up the Boilers, Port Augusta 9/11/17



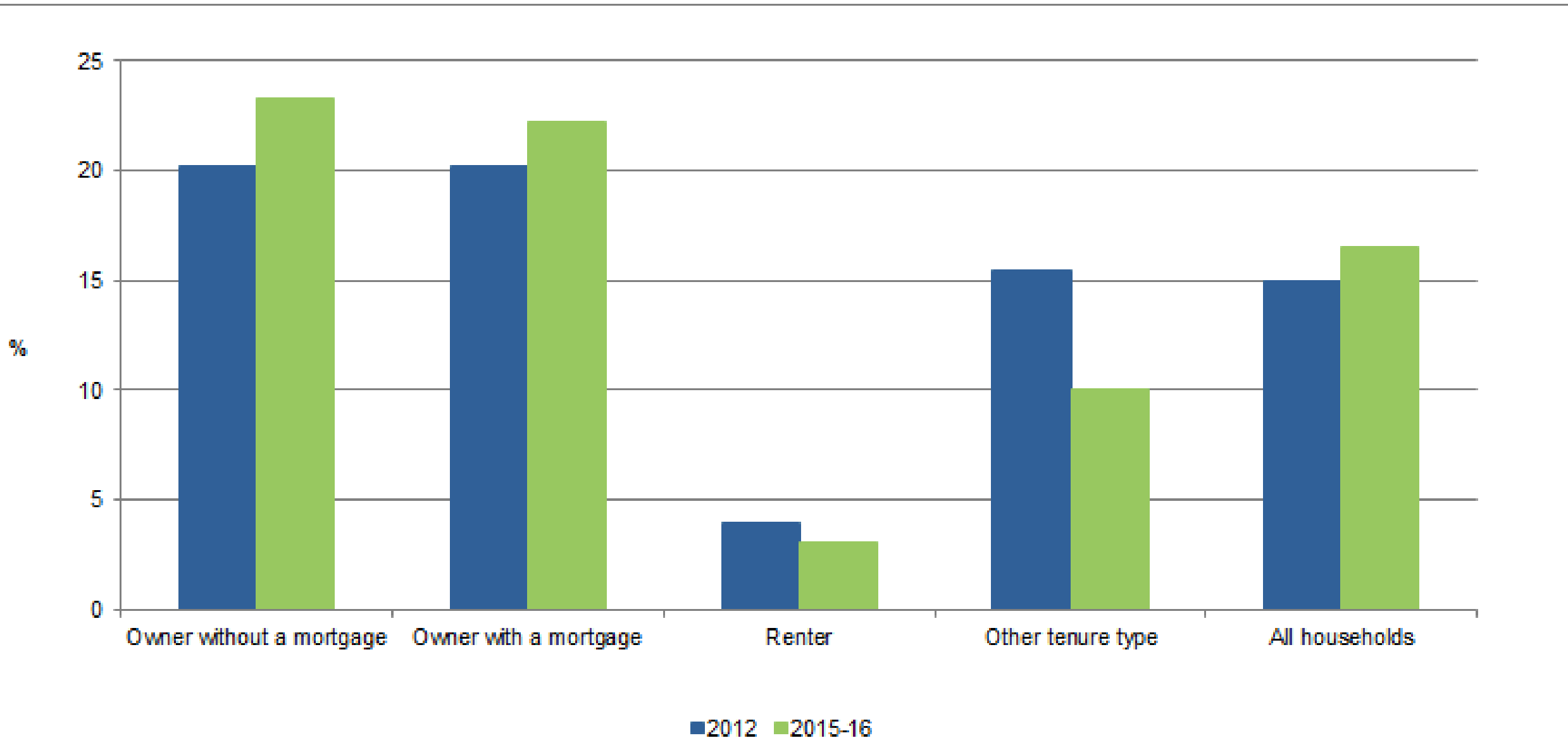
Bangala Solar Farm, SA, near Port Augusta



An Aside from Uniting Communities



PROPORTION OF HOUSEHOLDS WITH SOLAR PANELS, by tenure type, 2012 to 2015-16



Network regulation circa 2015:

Networks:

PDL: Propose, Defend, Litigate

Better approach

DNA: Deliberate, Negotiate, Agree



The Mirror – what's currently happening?

- **ElectraNet: ECA Consumer Engagement Award, Nov 2017: Early Start, Preliminary Revenue Proposal, insourced engagement, Deep Dives**
- **TasNetworks and AGN (Now AGIG): also pioneered preliminary proposal**
- **SAPN: Citizen's Jury**
- **Essential Energy: Regional, repeat Deliberative Forums**
- **TransGrid: Powering Sydney's Future**
- **Endeavour / AusGrid: Deep Dives**
- **CP/PC/UE: Future Forums and Scenario planning**
- **JEN: People's Panel**
- **Evoenergy: ECRC (Energy Consumer Reference Council)**
- **AusNet Services: Customer Forum (NewReg)**
- **(and water too)**

29th November, ECA supported Consumer Engagement Award announced,

The winner is



Where are we?

Early engagement is now embedded in network regulatory practice with draft / preliminary papers that invite response now ‘standard.’

Acceptance of “No Surprises”



No surprises – not No disagreement

No surprises is about building trust, to achieve win – win outcomes,

Not easy: we get grumpy when major report / data first seen post lodgement

How and when do we have the tough discussions?

When?

- Initial discussion of issues,
- deep dives,
- responding to Preliminary proposal
- Other timing? Before Revised Revenue Proposal?



No surprises – not No disagreement (2)

How?

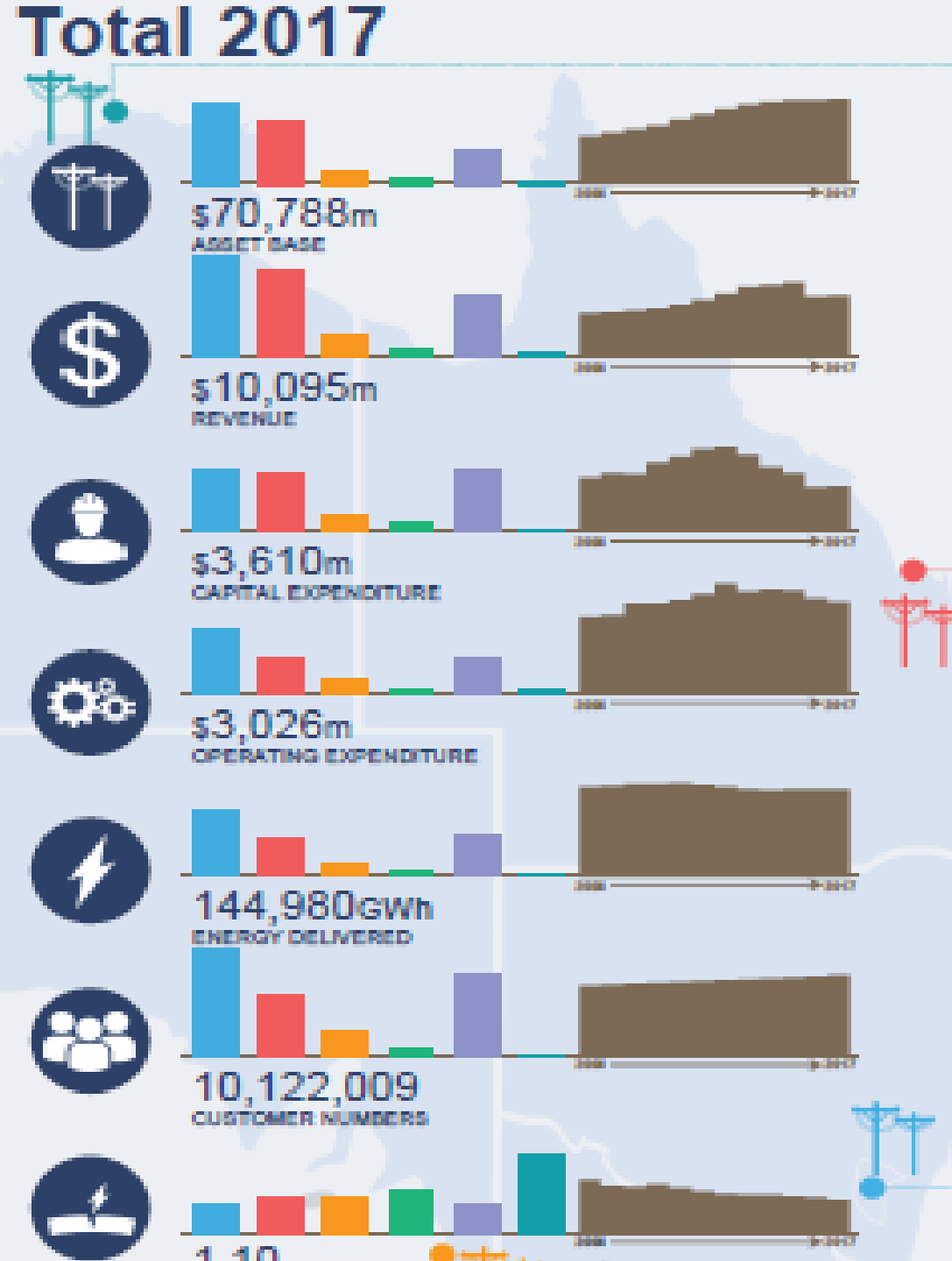
- Acknowledge the hard questions and share solution seeking
- Be open to a range of possible solutions
- Sometimes a third party can help
- Networks need to include in proposals, what we heard, what we changed or why we didn't change.

We need to identify the tough questions and discuss how and when to have the discussions. Eg can we ever talk profits?

Tax payments?



AER
This
week.



Benefits of consumer engagement

- **Trust:** consumer views ‘must be heard’, particularly those consumers with less direct access to decision making processes.
- **Efficient pricing / improved combination of service and price:** Consumers and networks involved in strong and regular dialogue Good engagement avoids ‘either / or’ choices the focus needs to be on ‘Win / Win’ compared to ‘Win / Lose’ trade-offs.
- **Improved vulnerable customer support:** Strong customer engagement helps to better understand impacts of key decisions on vulnerable customers.
- **Behaviour change / cultural change:** This includes increasing customer awareness and customer centricity as part of the culture of networks.
- **Improved decision making:** there is a shift from simple to complex markets and issues along with new objectives including climate change,
- **Fosters Innovation**



Is there an End game?

No!

- **Its all about Continuous improvement**
- **Listening and trying things**
- **Embrace “failures”**
- **Share learnings**

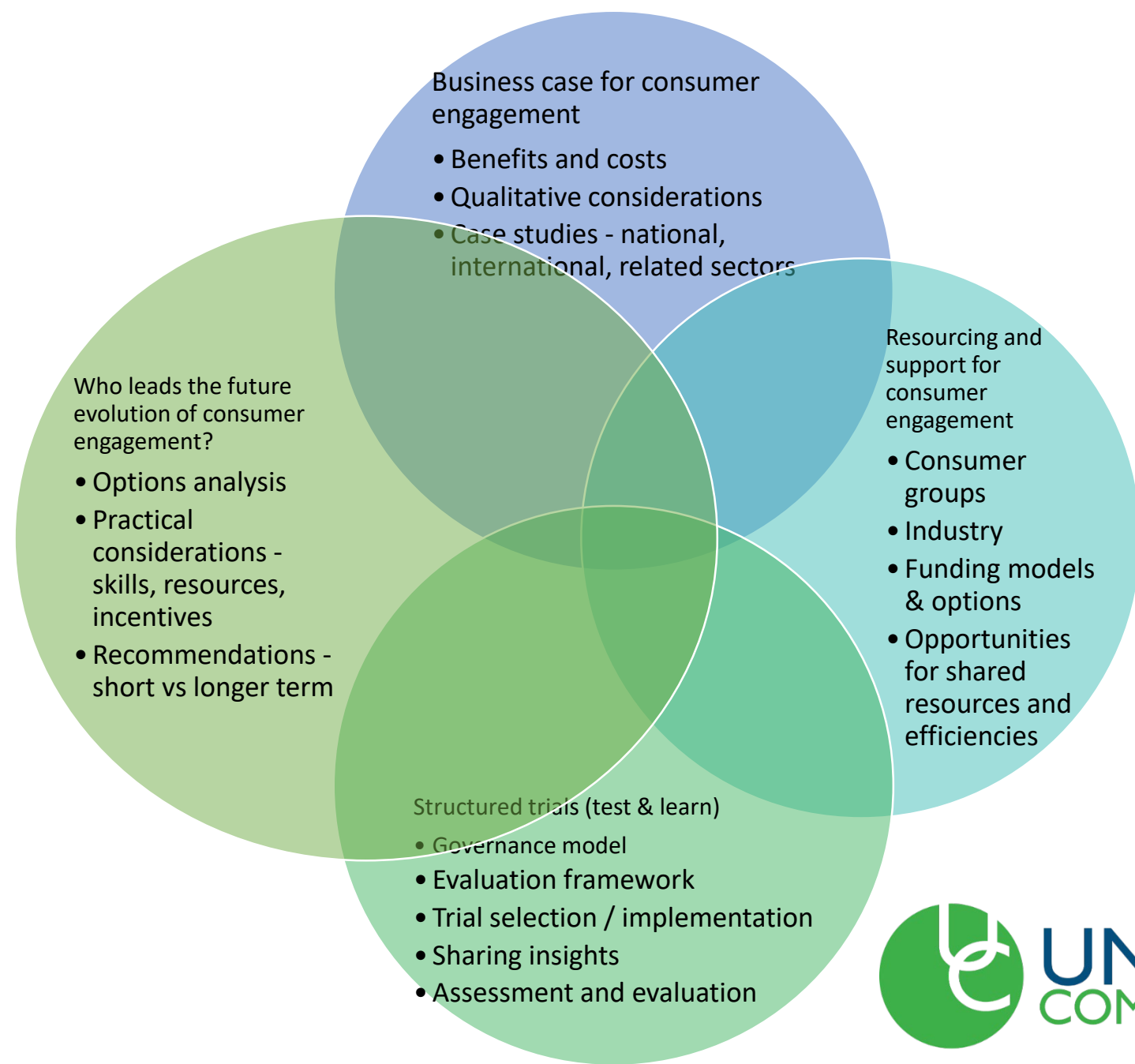
Criteria for great consumer engagement

80% Trust / 20% Coffee

(Or is it
80% Coffee and 20% Trust?)

Characteristic	Description
Transparent	Engagement processes (inputs and decisions) must be transparent not only to those participating in the process but the broader stakeholder base.
Embedded	It must be embedded within business as usual practices and form part of a businesses ongoing activity.
Representative	Participants in engagement processes must be seen to be able to represent the interests of relevant consumer groups or consumers at large.
Accountable	Network businesses must be accountable for how they use or do not use any insights and input from consumer engagement processes.
Tailored	Engagement processes must be fit for purpose for each business and tailored to meet specific business needs and circumstances.
Independent	Consumers and consumer representatives who are participants in engagement processes must be independent from the network business.
Evidence based	Where possible information and decisions must be evidence based and objective.
Well resourced	Consumer engagement must be appropriately resourced, noting that resourcing must be proportional to the value being discussed and the key issues or materiality of the issues.
Two-way	Engagement processes must be centred on honest and transparent two-way dialogue.
Makes an impact	Consumer input must be seen to make an impact and influence business decision making.
Continuous improvement	Consumer engagement processes must be able to adapt and evolve as required. This also included ensuring business culture and behaviours change in response to changing circumstances. Consumer engagement must be a dynamic and ongoing process that seeks the best outcomes for consumers in any

Next Steps?



Next Steps

- **Developing a ‘business case’ for consumer engagement.** The question remains as to what is the ‘right’ level of spending on consumer engagement by network business and by consumer groups
- **Structured trials:**
 - **Governance:** Which trials can or should be explored? This should not only be an individual business decision, but also an industry level decision
 - **Evaluation framework:** A standard format for capturing, analysing and reporting the costs, benefits and learnings from trials
- **Resourcing and support for consumer engagement?**
- **Who leads the future evolution of consumer engagement?**



Challenges for Consumer Engagement 2.0

- **Degree of consumer engagement:** Historically, networks operate in the “inform” / “consult” end of the IAP2 spectrum, how to move to “collaborate and Empower”?
- **The need for an “Agreement” vs “agreement” between networks and consumers:** This could be characterised as asking the question: is agreement a verb or a noun?
- **Incentives to promote ongoing nature of consumer engagement:**
- **Consumer representatives and / or consumer perspective groups**
- **Resourcing? For whom (risk of community based consumer representatives being ‘crowded out’). Continuity?**



Looking at Ourselves

Pragmatic

- How do we understand IAP2 (Inform, consult, involve, engage, empower)
- When best to work together / work apart
- Represent consumers vs provide consumer perspective
- Efficient cost of engagement for all, beware risk of Consumer Engagement “Arms Race”

Going deeper

- Ubuntu (“I am because we are”) NB application to VCR
- Fairness now and for the Future



NB “Fairness for the Future – Sustainable License to Operate” - Sustainability First, UK

Pillar 1: Public purpose, philosophy and public service values

Company statements

Pillar 2: Making best use of different types of capital

Decision making framework; competition, cooperation, capital

Pillar 3: Roles and responsibilities

Compacts for fairness

Pillar 4: Strategy and narratives

Honest, consistent, comparable reporting

www.sustainabilityfirst.org.uk



Photo Voice Project



I find myself **running out of food** due to the **massive increase in energy costs**