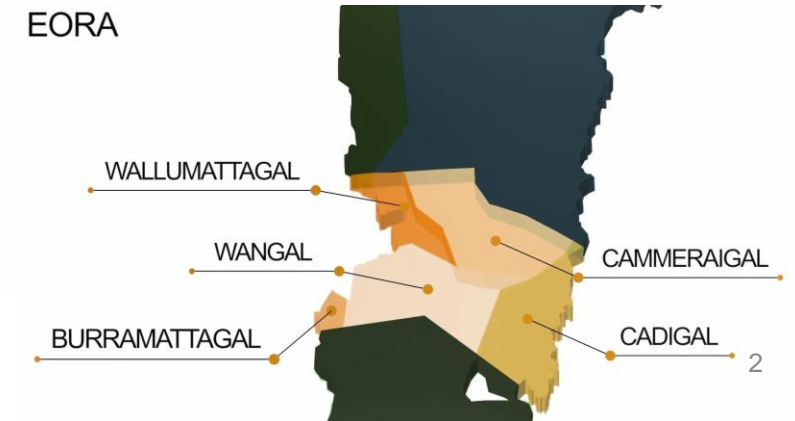
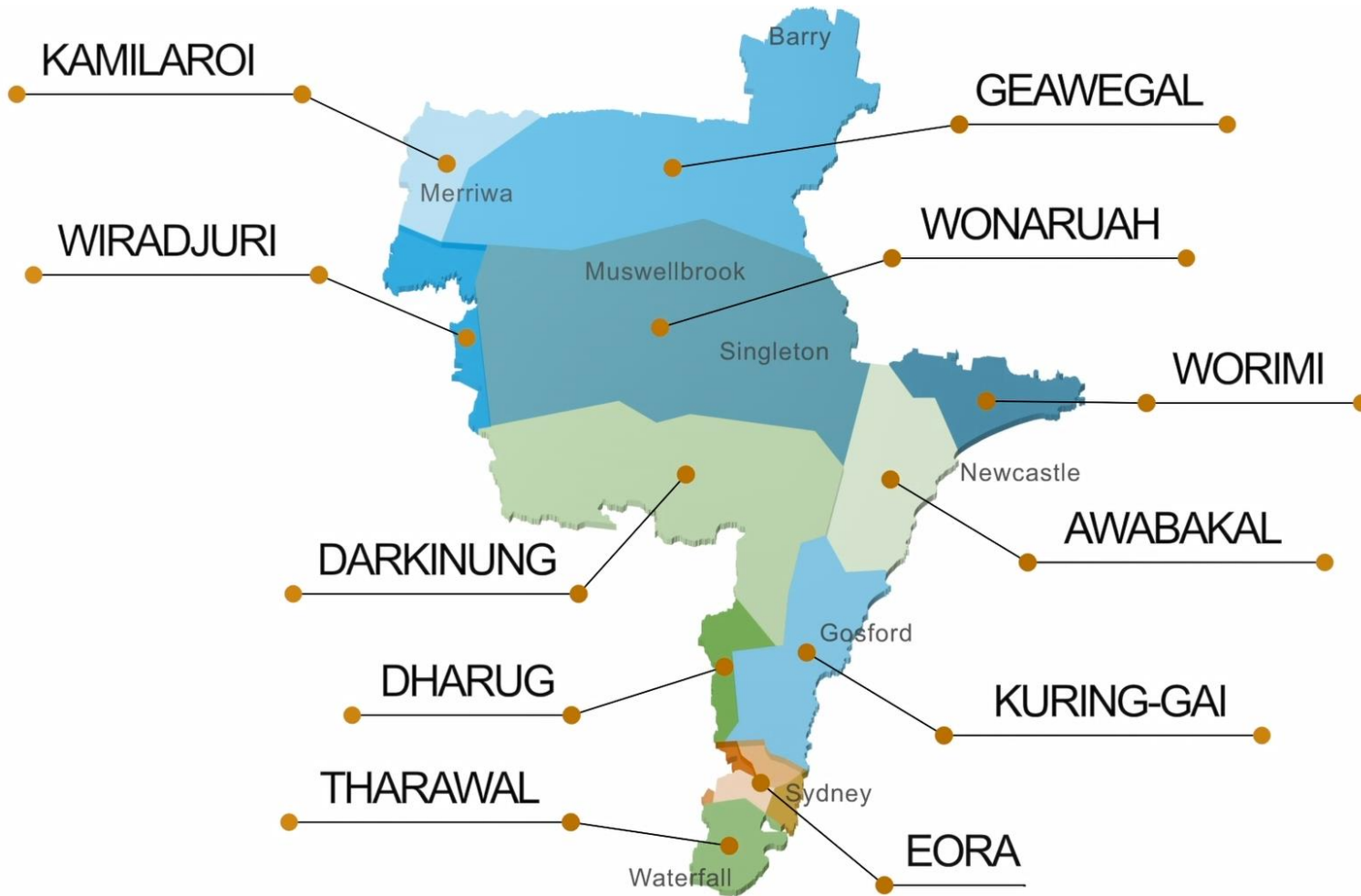


Ausgrid Regulatory Proposal Engagement Workshop

24 March 2021



Acknowledgment to Country



Safety Share

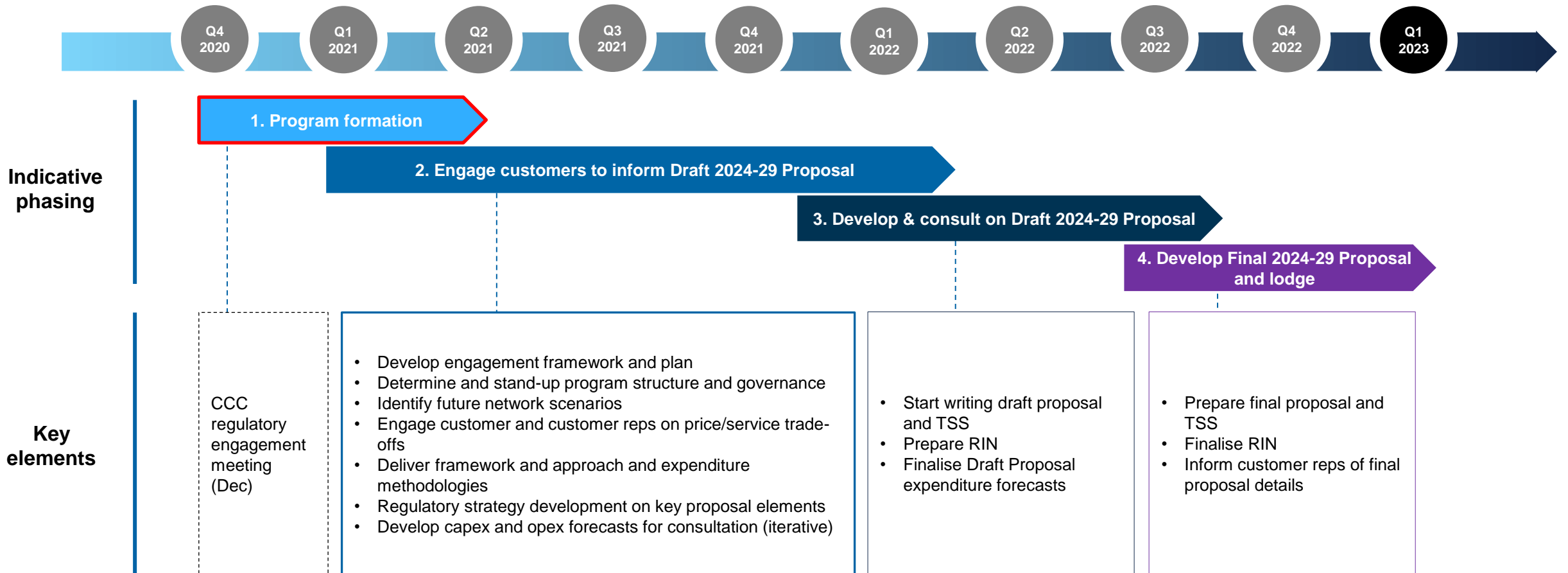
Session Purpose

Rob Amphlett Lewis

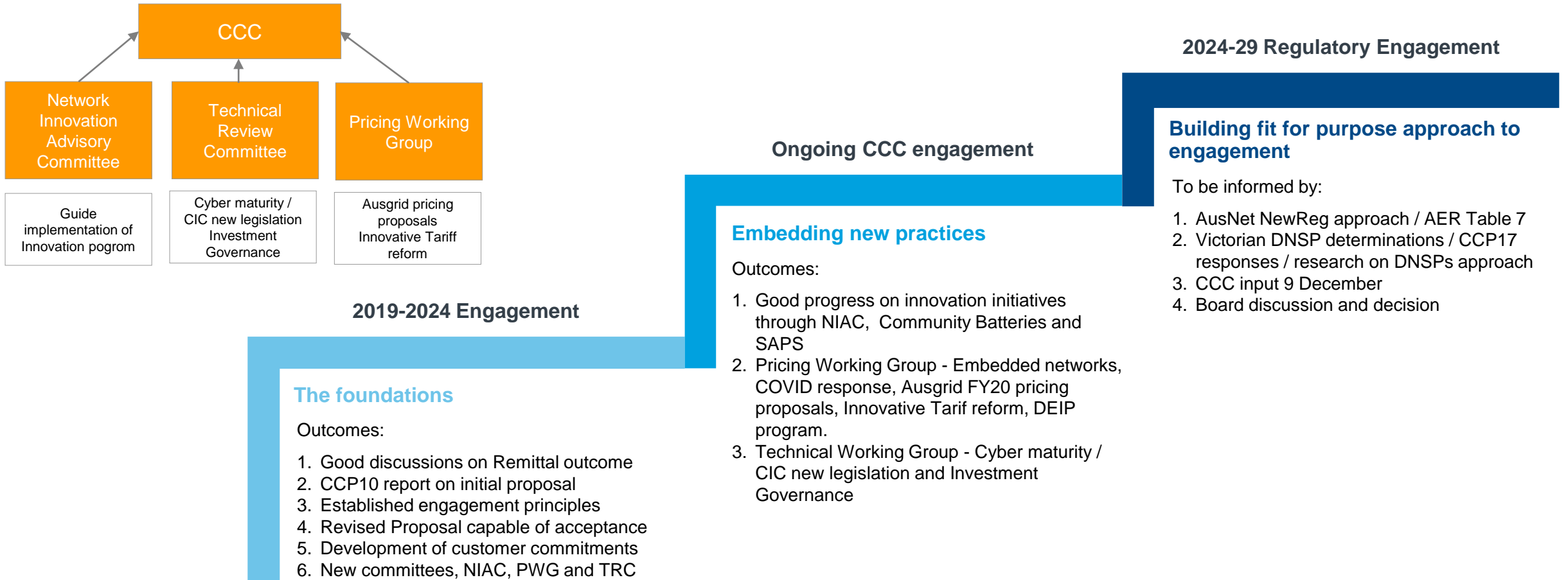
Chief Customer Officer

2024-29 Regulatory Reset

We recognise that collaborative engagement with customers to inform the initial proposal is the key to a successful outcome. Our 2024-29 regulatory reset, due in January 2023, will be developed over multiple phases.

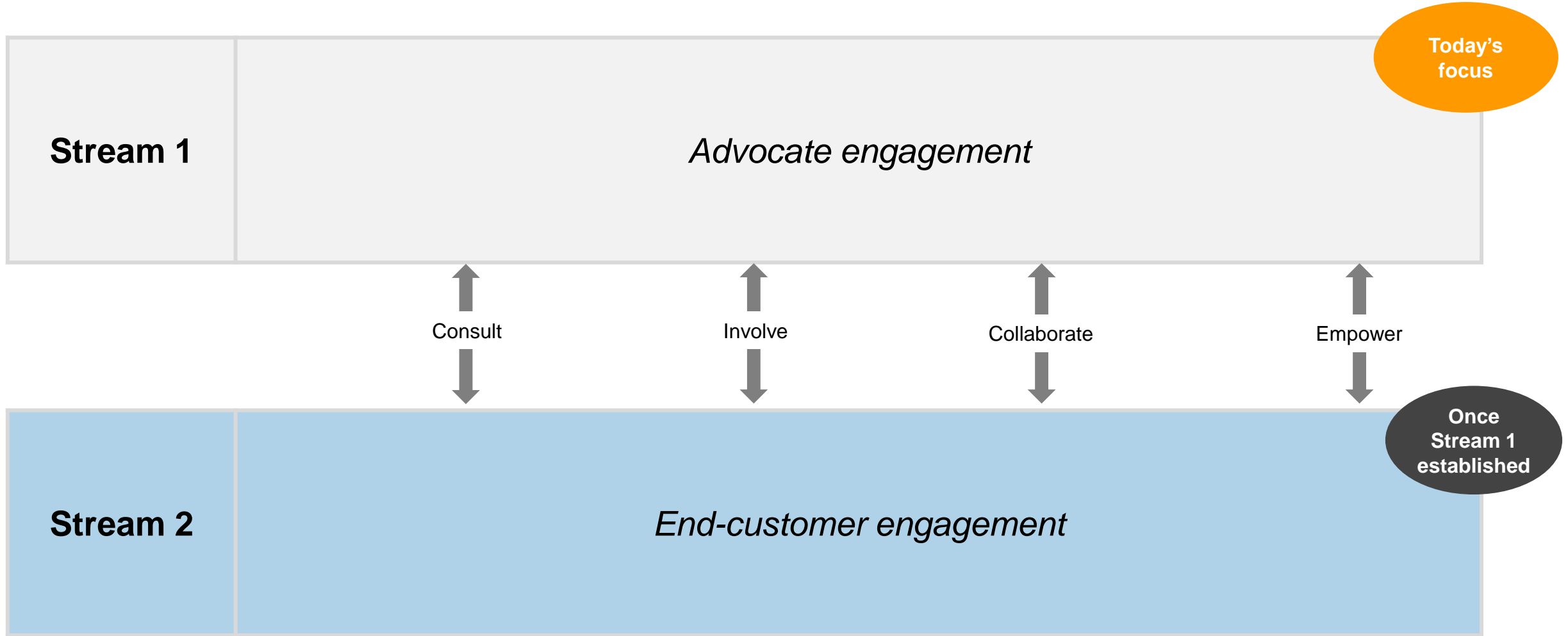


The current model is a product of our last revenue reset



As we start preparing for the next regulatory reset it is the right time to consider how the current engagement model could evolve.

2024-29 customer engagement streams



Session objective

What Stream 1 model options should Ausgrid consider to provide ongoing customer advocate input in our:

- Business-as-usual decision-making; and
- 2024-29 regulatory proposal?

Points to keep in mind

- Once a Stream 1 model is in place (~Jun 2021) we will commence specific discussions related to our regulatory reset proposal including proposal and engagement objectives (e.g. “capable of acceptance” or otherwise), business narrative, joint DB engagement topics, trade offs and Stream 2 engagement plan.

The right Stream 1 engagement model is a precondition of fit-for-purpose engagement with advocates on our reset.

- We understand that the CCC needs information on high-level business objectives and likely reset engagement topics to provide advice on a Stream 1 structure – we will run through these today.
- Our Board and Executive believe we can design an approach together that is an improvement on the New Reg model.

Session outputs

We hope to emerge from today with:

1. A final assessment criteria for deciding on the best stream 1 model
2. Possible stream 1 models, developed by you
3. Following today's workshop, Ausgrid will come back with a stream 1 engagement model – providing assessment against criteria.

Workshop overview

#	SESSION	LEAD	TIMING
1	Acknowledgement to Country, Safety Share	Rob Amphlett Lewis	9:30 – 9.35
2	Session Purpose	Rob Amphlett Lewis	9:35 – 10.00 (25 min)
3	Feedback and introduction to workshop tool (GroupMap)	Session Facilitators	10:00 – 10:30 (30 min)
4	Stream 1 – Assessment Criteria development	Session Facilitators	10:30 – 11:45 (75 min)
	BREAK		11:45 – 11.55 (10 min)
5	Engagement topics	Session Facilitators	11:55 – 12:40 (45 min)
	LUNCH		12:40 – 1:20 (40 min)
6	Stream 1 – Model development	Session Facilitators	1:20 – 2:45 (85 min)
7	Next steps and Close	Rob Amphlett Lewis	2:45 - 3:00

Activity

Feedback

What thoughts or questions would you like to share before we start work on the Stream 1 model?

Stream 1: Developing assessment criteria

Alex McPherson

Head of Regulation

Developing our assessment criteria

Input from a range of sources has helped shape our assessment criteria



Criteria for assessment of committee structure

Table 7 Framework for considering consumer engagement

Element	Examples of how this could be assessed
Nature of engagement	<ul style="list-style-type: none"> Consumers partner in forming the proposal rather than asked for feedback on distributor's proposal Relevant skills and experience of the consumers, representatives, and advocates Consumers provided with impartial support to engage with energy sector issues Sincerity of engagement with consumers Independence of consumers and their funding Multiple channels used to engage with a range of consumers across a distributor's consumer base
Breadth and depth	<ul style="list-style-type: none"> Clear identification of topics for engagement and how these will feed into the regulatory proposal Consumers consulted on broad range of topics Consumers able to influence topics for engagement Consumers encouraged to test the assumptions and strategies underpinning the proposal Consumers were able to access and resource independent research and engagement
Clearly evidenced impact	<ul style="list-style-type: none"> Proposal clearly tied to expressed views of consumers High level of business engagement, e.g. consumers given access to the distributor's CEO and/or board Distributors responding to consumer views rather than just recording them Impact of engagement can be clearly identified Submissions on proposal show consumers feel the impact is consistent with their expectations
Proof point	<ul style="list-style-type: none"> Reasonable opex and capex allowances proposed <ul style="list-style-type: none"> In line with, or lower than, historical expenditure In line with, or lower than, our top down analysis of appropriate expenditure If not in line with top down, can be explained through bottom up category analysis

Customer and stakeholder engagement principles

Objective: Genuine engagement that fosters community trust and builds relationships

Principle	Description	Example of principle in action
Accountable	Do what we say we will do, and encourage customers and stakeholders to hold us to account	<ul style="list-style-type: none">• Responding to customer enquiries within established timeframes
Inclusive	Provide information from our customers and stakeholders' perspective in a format convenient, timely and accessible to them	<ul style="list-style-type: none">• Presenting impacts in terms of customer bill outcomes (as well as costs and revenues)• Presenting investments in terms of customer outcomes and reflecting customer preferences
Collaborative	Partner in the design of alternative options and the preferred outcome where possible	<ul style="list-style-type: none">• Co-designing outcomes with customers and stakeholders.
Dynamic	Be progressive, open to new ideas and prepared to change based feedback from customers and stakeholders	<ul style="list-style-type: none">• Trialling innovative approaches e.g: adoption of new engagement approaches or technology solutions as they become available.
Transparent	Be as open as possible on the role of stakeholders and customers in the decision-making process	<ul style="list-style-type: none">• Being clear about what's "on the table" for discussion, and why• Showing where our proposal has changed in response to feedback

December 2020 CCC workshop – summary of feedback

Designing an engagement model – workshop questions

What is important to you when designing engagement?

- Set clear expectations and be clear on the goal, context and purpose of engagement
- Ensure early engagement with AER
- Focus on long term strategy rather than just prices and reliability; consider a variety of future options then model the costs and benefits of each
- A genuine desire from the business to be influenced by stakeholder input – senior leadership support is essential
- Ensure the right mix of customers are involved.
- Leverage Ausgrid's existing investment in PWG, TRC, NIAC and CCC

What should we consider when deciding the engagement objective?

- What does success look like, what are the outcomes we want to deliver for consumers and how will we achieve it?
- Upfront honesty about what is achievable given cost pressures, credit ratings and what Ausgrid is and isn't prepared to do.
- Ensure thought is given to interactions between issues and capture consumer preferences about trade-offs and cross-subsidies.
- Clarity on roles of participants.
- The appropriate breadth and depth of engagement

How can we best incorporate customer advocates views in our decision making?

- Allow multiple avenues to provide feedback and ample time to prepare responses and / or make arrangements to attend sessions.
- Have the attitude that customer input will improve the proposal and ensure their views are well understood and incorporated as best possible.
- Learn from and build on experiences from a wide range of utilities keeping in mind that some organisations may have a vested interest in not achieving consensus.
- Keep good records.

Key themes

1. Setting clear and realistic expectations

Clearly outlining the purpose and scope of the engagement, with upfront recognition of what can and can't be negotiated through the process.

2. Participant selection

Leveraging existing forums and ensuring the right customer voices are heard is critical to achieving engagement objectives.

3. Methodology design

The engagement framework needs to focus on building trust with a clear process for incorporating and responding to customer feedback.

Criteria for assessment for Stream 1 model


To assess the various Stream 1 model options, the following criteria have been developed.

Criteria	Does the model....
Allows for a genuine partnership when designing and assessing options and solutions.	...allow for a participation level of “Collaborate” on the IAP2 public participation spectrum?
Facilitates provision of independent advice	...provide a credible and suitably independent body that can inform and challenge Ausgrid’s thinking?
Can facilitate discussion on a broad range of topics, while allowing for in depth consideration of issues when needed	...allow for customers to be engaged at an appropriate level of detail, not just ‘high level’?
Enables a diversity of customer views to influence our thinking	...allow for our diverse customer base to be genuinely engaged and supported in the development of the proposal?
Enables a high level of business engagement	...involve all levels of the business, including the CEO and Board, to an appropriate degree?
Is cost-effective and simple	...represent value for money and an efficient use of time and resources?

For discussion: Do you agree with this assessment criteria? Are there any criteria missing?

Activity

Assessment Criteria

A close-up photograph of a person's hand gripping the black handle of a power tool. The background is dark and textured, possibly the interior of a vehicle or a piece of machinery. The text 'BREAK' and '11:45 - 11:55' is overlaid in white, bold font in the center of the image.

BREAK
11:45 – 11:55

Engagement Scope

Rob Amphlett Lewis

Alex McPherson

Our ambition is to deliver the safest, most innovative and sustainable services to our customers and communities



A safe, resilient and optimised network

- We have no worker or community fatalities, or life changing injuries
- High risk activities are always safe thanks to our continuous engineering innovation
- Customers experience an unplanned outage no more than once in 10 years
- We proactively use data to design out network failures and anticipate customer impacts
- Our intelligent network is self diagnosing, safer and self-healing



Trusted by our customers and communities

- Our customer satisfaction rates highest amongst global utilities
- We provide customers with flexible options to access energy markets and make the most of their DER investment
- Our ability to intelligently control energy flow delivers the lowest network charges in Australia
- Customers can easily access accurate, real-time information that they can rely on
- Communities benefit from our energy sharing solutions



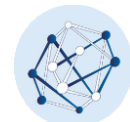
A diverse, capable and trusted workforce

- Our inclusive workplace attracts and retains diverse talent
- The diversity of our workforce reflects the communities we operate in
- Digital skills and tools enable us to work productively with greater flexibility and wellbeing
- Our people are skilled in gaining insight from data and are empowered to lead change
- We have a strong customer and service-centric culture where we are all customer champions



Enabling a sustainable future

- Our innovative energy solutions are recognised globally
- We make it easy for customers to add sustainable energy sources to our network
- We are leaders in Australia's transition to a low carbon economy



Leader in collaborative innovation

- Our innovative energy sharing solutions contribute 10% of Australia's energy supply
- Our digital and mobile solutions make it easy for suppliers and contractors to work with us
- Industry partners benefit from integrated and secure access to the data-to-intelligence service at the heart of our business decision-making



An outstanding performer

- Our strong ethics and values enhance the reputation of the Ausgrid brand
- We deliver sustainable growth for our shareholders
- We achieve appropriate and stable returns for our shareholders

Engagement topics

Corporate Priorities

Safer

- No fatalities or life-changing injuries
- High-risk activities are always safe.

Simpler

- Easy to connect DER to our network
- Easy customer interaction processes with complementary digital solutions.

Sustainable

- Leader in collaborative innovation
- A network that is more resilient to climate change

Regulatory framework

CSIS

STPIS

EBSS & CESS

Street-lighting framework

Pass throughs

Service classification

Revenue and Pricing

Opex step changes

Depreciation

Opex benchmarking

Productivity

Opening RAB

Network capex

Financeability

Network repex

IT capex

Tariff Structures


Potential joint DB engagement

Key questions:

1. Do you think we have we missed any likely topics?
2. Do you want us to consult on the 2022 rate of return review?

Activity

Engagement scope

A close-up photograph of a hand holding a black power tool handle. The background is dark and out of focus, featuring a blue ring and some purple text that appears to be 'LB'. The overall image has a dark, moody aesthetic.

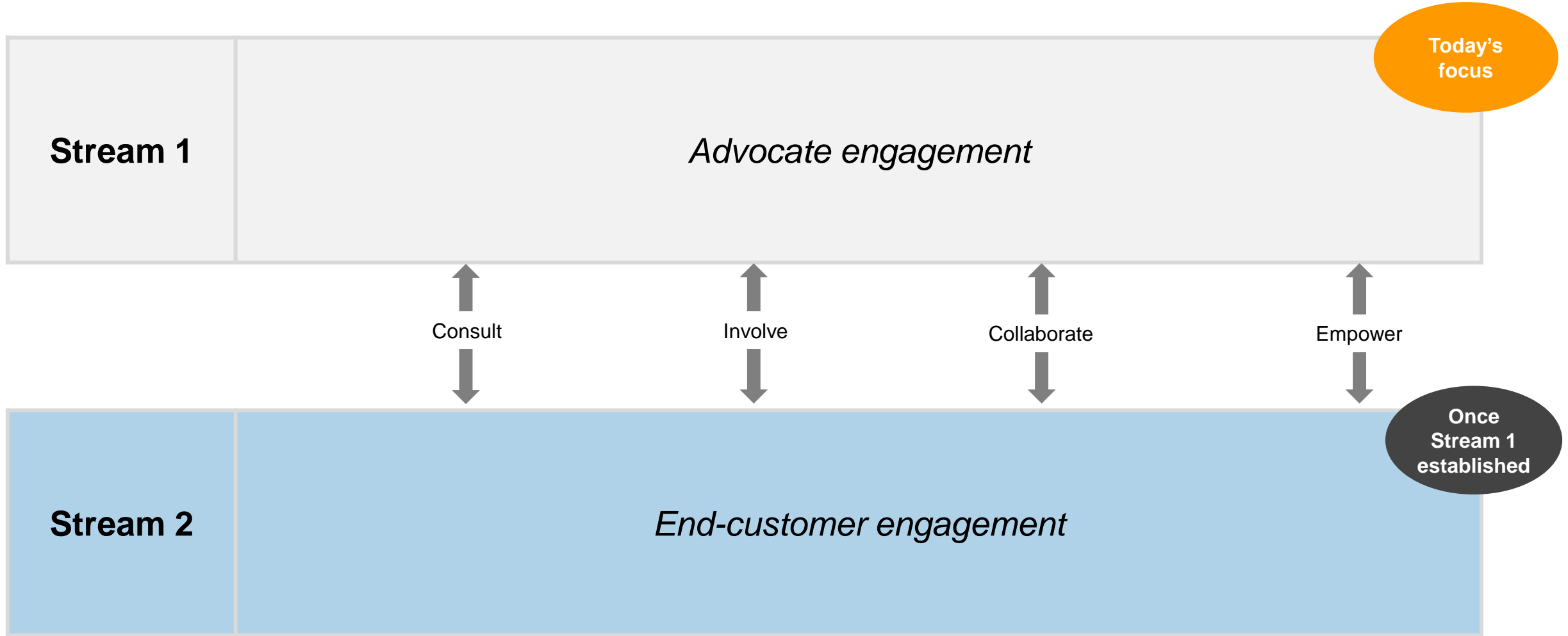
LUNCH
12:40 – 1:20

Stream 1: Model

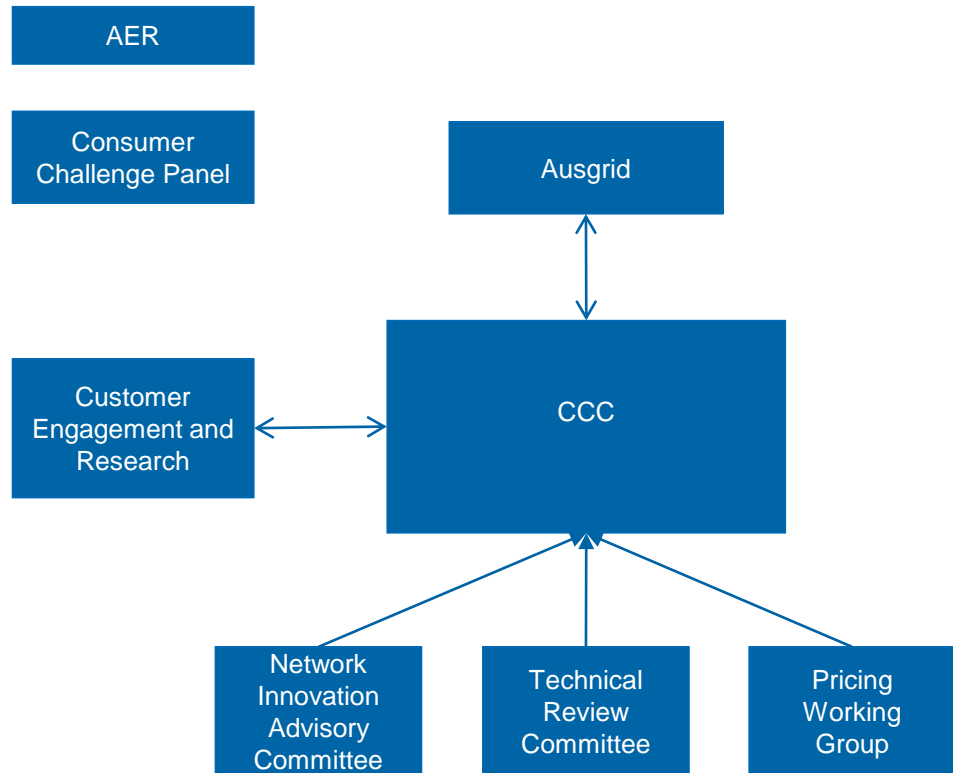
Alex McPherson

Head of Regulation

2024-29 customer engagement streams



Example: Ausgrid's current structure assessed against criteria

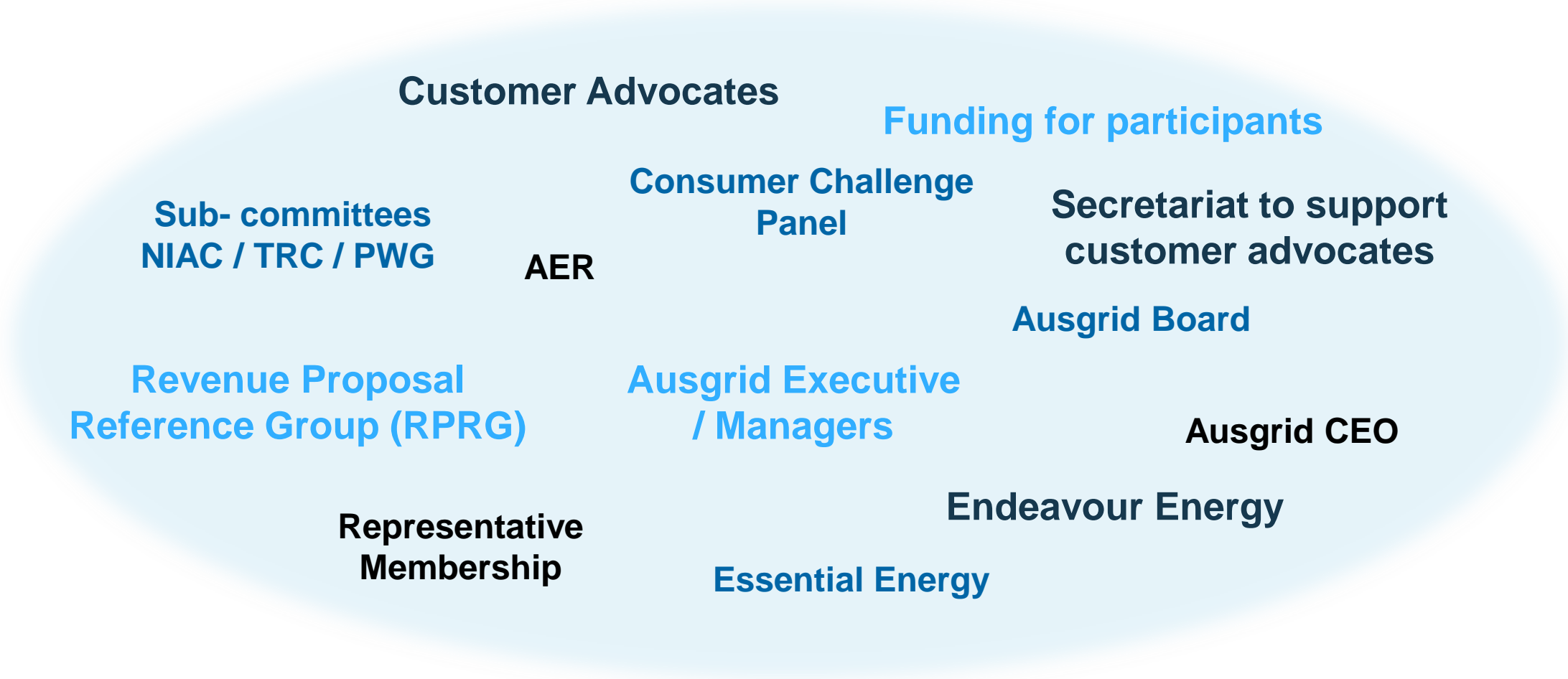


Criteria	Pros	Cons
Allows for genuine partnership when designing and assessing options	<ul style="list-style-type: none"> Existing committees have a defined Terms of Reference with clear IAP2 collaboration objective. 	<ul style="list-style-type: none"> Multiple committees can create overlapping jurisdictions and responsibilities
Facilitates provision of independent advice	<ul style="list-style-type: none"> Committee members are experienced consumer advocates who would be keen to demonstrate their independence 	<ul style="list-style-type: none"> Little change in committee members over recent years and little public transparency over funding arrangements
Facilitates discussion on a broad range of topics	<ul style="list-style-type: none"> Committee members are able to influence the topics for discussion 	<ul style="list-style-type: none"> There may be overlaps or gaps between committees
Enables a diversity of customer views	<ul style="list-style-type: none"> Committee member views can clearly be evidenced and responded to 	<ul style="list-style-type: none"> Some of the existing committees have small membership (e.g. Technical Review Committee)
High level of business engagement	<ul style="list-style-type: none"> Existing committee structure involves staff from across the organisation (e.g. Asset Management, IT) 	<ul style="list-style-type: none"> Board members and senior Ausgrid management may not be able to cover all the committees
Cost effective and simple	<ul style="list-style-type: none"> Existing committees have clear focus on specific topics 	<ul style="list-style-type: none"> Maintaining four committees may be costly and resource intensive for both Ausgrid and customer advocates

Questions to ask when developing an alternative model

- Could membership expand to involve new sectors, young people, CALD communities, lay voices? How would we need to build their capacity to engage with topics?
- Should the model consider engagement with other DNSPs?
- Should the model develop could offer an independent report to the AER, and/or have its own secretariat and funding?
- How can the subgroups evolve to ensure relevant the expertise is on hand to meaningfully influence decisions?

What are the parts? A few thought-starters



Activity

Model design

Next Steps and Close

Rob Amphlett Lewis

Chief Customer Officer

Key takeaways

Next Steps

- Develop model with CCC inputs
- Present model back to CCC
- Process to set up new model and appoint members; stand-up new model around June 2021
- Commence 'substantive' engagement program

[Specific discussions related to our regulatory proposal including proposal and engagement objectives (e.g. “capable of acceptance” or otherwise), business narrative, joint DB engagement topics and stream 2 engagement plan.]

A close-up photograph of a hand holding a black power tool handle. The hand is positioned on the right side of the frame. In the background, there is a dark, textured surface with a blue ring and the number '27' printed on it. The word 'CLOSE' is overlaid in white text in the center of the image.

CLOSE