



Ausgrid Customer and Stakeholder Committees Engagement

Terms of Reference

Updated December 2021





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Version Control

Version	Date	Changes made	Approved by
Version 1	5 July 2021	Initial updated draft for review by CCC and RCP members	Alex McPherson
Version 2	7 July 2021	Update RCP rate of pay	Alex McPherson
Version 3	13 September 2021	Update of payment information	Alex McPherson
Version 4	27 September 2021	Clarification of RCP role and rates	Alex McPherson
Version 5	16/12/2021	Updated with RCP suggestions	Alex McPherson



1. Overview

The electricity industry is going through the most significant transformation in a century. Meaningful customer engagement and adapting to meet customer needs will be a critical part to Ausgrid successfully navigating and contributing to the sector's transformation. Ausgrid's customer and stakeholder consultative committees are a key forum to do this and to develop a climate of trust between Ausgrid and the community we serve.

In 2018 we reviewed our engagement with customer advocates, and we continue to embed a customer-focused culture across the entire business.

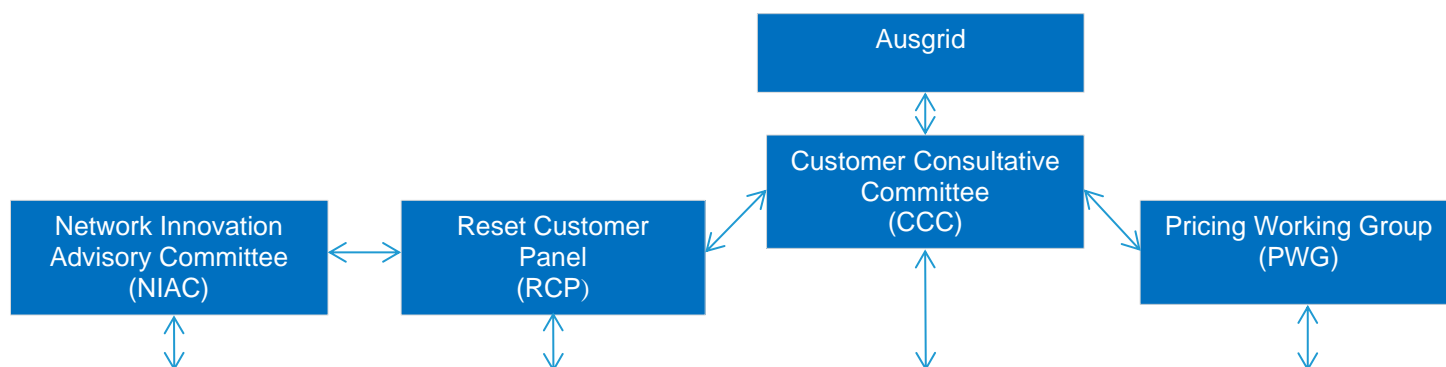
Following input from our Customer Consultative Committee (CCC), we are taking the opportunity to refresh our customer advocate engagement model. The key features of our revised model are depicted in *Figure 1* and include:

- The CCC, which will continue to be our peak body for engaging with customer advocates.
- The Pricing Working Group (PWG), through which we engage with customer advocates on tariff reform, our tariff structures and pricing issues generally.
- The Network Innovation Advisory Committee (NIAC), focused on our network innovation program.

Based on feedback from the CCC in late 2020 and early 2021, we are making two key changes to the engagement model established in late 2018:

- The functions of the Technical Review Committee will be subsumed into the CCC.
- A Reset Customer Panel (RCP) will be established as the peak body for engaging with customer advocates on the development our 2024-29 Regulatory Proposal.

Figure 1: Customer Advocate Engagement Model





2. Engagement approach

2.1 Customer advocate engagement objective

Ausgrid is looking to ensure that our plans for the future are aligned with customer needs in a rapidly changing world. The objective of our engagement with customer advocates and stakeholders is to:

- **Build trust** - Allow open dialogue which challenges Ausgrid’s approach and practices.
- **Build confidence** - Enhance customer confidence in how Ausgrid invests and delivers services.
- **Identify customer preferences** - Review and shape customer research to identify customer preferences and views on current and future energy services.
- **Inform service design** - Support the development of services that address customer needs and preferred level of engagement

The International Association for Public Participation (IAP2) public participation spectrum helps define the public’s role in an effective participation process. Through our customer committees we aim to provide forums where, for particular issues, we can effectively collaborate with customer advocates about the future direction of the network and develop potential solutions together. This recognises that while Ausgrid will retain decision making responsibility on all matters being considered by our customer committees, customer views will be incorporated to the maximum extent possible. When this is not possible, we will articulate the reasons why.

On the IAP2 public participation spectrum, collaboration has the following characteristics:

Public participation goal

To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.

Promise to the public

We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into our decisions to the maximum extent possible.

2.2 Engagement principles

Our engagement principles drive how we engage with customers and their advocates. The objective of these principles is to foster community trust.

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 on feedback from customers and stakeholders	<ul style="list-style-type: none"> ● Trialing 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



2.3 Criteria for customer advocate engagement model

In December 2020 and March 2021, we discussed with the CCC what good engagement looks like and what our customer advocates saw as the features of industry leading engagement. Together, we developed a set of criteria that were used to guide our committee structure.

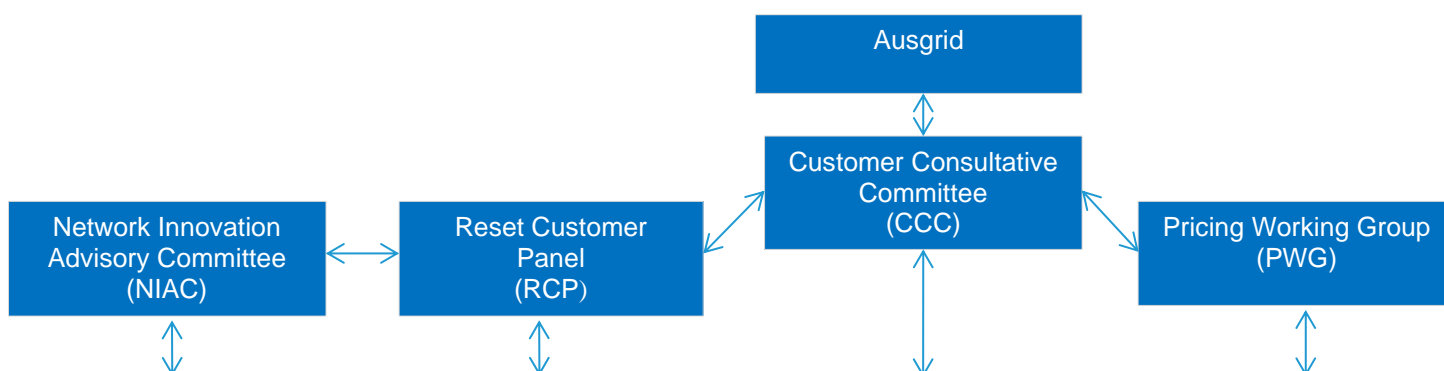
Criteria	The model gives customer advocates the opportunity to....
Commits Ausgrid to a high level of business engagement	<ul style="list-style-type: none">• access all levels of the business, including the Board, CEO and Executive• influence Ausgrid's long-term priorities and strategy
Builds trust in Ausgrid	<ul style="list-style-type: none">• hear how their views and preferences have been considered• challenge Ausgrid in an open, transparent and respectful environment
Allows for genuine collaboration	<ul style="list-style-type: none">• build capacity and engage at a level at which members wish to be engaged• set the engagement agenda and co-design solution• obtain appropriate funding support from Ausgrid
Facilitates independent advice	<ul style="list-style-type: none">• seek funding for their own research• hear from multiple stakeholders on key issues
Values a diversity of views	<ul style="list-style-type: none">• present the views of Ausgrid's diverse customer base• advise Ausgrid in how we engage with our diverse customer base



3. Terms of Reference

The CCC and sub-committee structure is set out below. The Terms of Reference for each committee include:

- Arrangements that apply to all committees as detailed in section 3.1.
- Committee-specific arrangements are **detailed appendices A-D**.



3.1 Arrangements applying to all committees

The following arrangements apply to all committees.

Ausgrid’s responsibilities

Ausgrid will:

1. Work within the framework of the Terms of Reference.
2. Provide a Chairperson and other resources as required (except for RCP, which has an Independent Chair).
3. Provide the required agenda, papers and other documentation in advance of each meeting.
4. Provide an opportunity for members to inform the agenda in advance.
5. Provide requested information that will allow the committees to perform their roles in a timely way.
6. Encourage all committee members to present their views and respect input and advice.
7. Pass on each committee’s advice and recommendations to relevant Ausgrid managers and staff.
8. Where appropriate, give written feedback on all suggestions and ideas made by committees, explaining how each contributed to the decision-making process or reasons they did not.

Information provision and confidentiality

Confidentiality arrangements may be put in place to ensure that committee members can be provided with confidential material as needed. Members are to respect the confidentiality of any information or material that may be confidential, respect the position they hold regarding access to information from Ausgrid and not use this position in any way for personal gain. Ausgrid acknowledges committee members’ right to make public comment (other than on confidential material or matters).

Conflicts of interest

Conflicts of interest can involve financial or non-financial interests of the committee member and the interests of a business partner or associate, family member, friend, or person in a close personal relationship with the committee member.

If a committee member has a conflict of interest in relation to a particular issue or item of discussion, the committee member should make this position clear to the Chairperson.

A conflict of interest register will be available and members of all committees are required to log any conflicts they are aware of or become aware that may impact on their ability to represent the customers of Ausgrid impartially.



Publication of information

Outcomes and presentations from each of the committees may be published on the Ausgrid website. The information to be published will be discussed by the relevant committee.

Sitting Fees and remuneration

Ausgrid will remunerate committee members for their time and costs.

CCC, NIAC and PWG:

- Please contact Ausgrid if you wish to seek a sitting fee. Payment of \$750 per meeting is available for NIAC and CCC meetings. For the PWG meetings payment of \$150/hr is available for members who wish to seek a fee.

RCP:

- Member rate of \$250/hr or \$1,500/ day for:
 - o attendance at meetings
 - o meeting preparation and
 - o report writing
- Chair rate of \$300/hr or \$1,800/ day for:
 - o attendance at meetings
 - o meeting preparation and
 - o report writing

Please note that Reset Customer Panel payments outlined above are for attendance at scheduled RCP meetings, report writing and reasonable time to prepare for meetings, and for RCP members attending CCC, PWG or NIAC meetings.

We recognise that not all committee members wish to be paid for their attendance. Committee members that wish to be paid a sitting fee should therefore contact Ausgrid to seek a sitting fee.

Out of pocket expenses will be approved by Ausgrid on submission of relevant receipts.



A. Customer Consultative Committee

Purpose

The purpose of the CCC is to provide a forum where customer advocates can advise and challenge Ausgrid on our journey to become a customer-centric business. Helping to develop a climate of trust between Ausgrid and the community we serve by fostering an open, honest and collaborative approach to the planning and delivery of Ausgrid's services, tariffs and policies.

The CCC will assist Ausgrid to become a better business by engaging with stakeholders to better understand their needs and views and consider these perspectives in the decisions Ausgrid makes. Promoting a just, equitable, effective and sustainable delivery of Ausgrid's services.

The CCC will be Ausgrid's main body providing customer and external stakeholder views and input on:

- Ausgrid's corporate strategy, regulatory proposals, policies, service plans and service delivery
- Ausgrid's customer research and the breadth of customer engagement
- Review of resulting business improvement plans
- Receive reports on activities of other committees
- The environment and market within which Ausgrid operates, including trends and technological developments which impact on future plans and strategies.

Membership

- As the main consultative body, the CCC needs to have a representation of diverse perspectives whilst also remaining a manageable size.
- There are opportunities to involve some customer or stakeholder groups or organisations via issue-specific working groups or focused consultation.
- CCC members should be able to provide input across a range of issues, as well as advocating for their members or organisation's core purpose.
- It is desirable to have a CCC membership that represents the community Ausgrid serves, and can provide informed input on a range of diverse perspectives, for example; vulnerable and disadvantaged customers, older customers, those from customers from culturally and linguistically diverse backgrounds, young people, business community.
- Any member of the CCC may represent more than one section of the community, or multiple perspectives.
- Each CCC member represents the organisation which nominated them and their individual expertise. Members are encouraged to share findings showing member views on energy matters to support positions taken.

Meetings

- The CCC will meet for a minimum of four meetings annually at an Ausgrid office.
- Ausgrid's Chief Executive Officer will chair CCC meetings. In the CEO's absence, the Chief Customer Officer or another member of Ausgrid's Executive Leadership Team will be invited to chair the meeting.



B. Pricing Working Group

Purpose

The purpose of the PWG is to provide a forum for Ausgrid and stakeholders to collaborate on pricing principles, policies and strategies that will support the long-term interests of our customers.

Mandate

The PWG will provide an opportunity for Ausgrid and customer advocates to collaborate on the following:

- The role of network tariffs in delivering positive customer outcomes and support the industry's transition to a renewable energy future.
- Development of the 2024-29 Tariff Structure Statement and input into ongoing tariff design and pricing policy
- Collaborate with other DNSPs on policy harmonisation
- Tariff reform and tariff structures that promote efficient use of the network.
- Customer and stakeholder engagement on tariff options, impacts and preferences.
- Complementary measures to tariff reform.
- Tariffs that support trial projects and programs.
- The components of our network price including transmission charges and jurisdictional schemes.

Membership

Membership will reflect key stakeholders relevant to development of Ausgrid's pricing and tariff reform strategies.

Meetings

The PWG will meet as needed at Ausgrid's offices. Meetings will be chaired by Head of Regulation and supported by the Ausgrid Pricing Manager.



C. Network Innovation Advisory Committee

Purpose

The NIAC provides a forum for Ausgrid to collaborate with customer advocates on innovation investment and the transformation of our network.

Mandate

The NIAC will have a key role in the development of the Network Innovation Program for the 2024-29 Regulatory Proposal. It will also be involved in reviewing and engaging on scenarios to anticipate future network requirements and approaches to managing uncertainty and associated risks.

Continue the oversight of Network innovation capex outlined in the 2019-24 Regulatory Proposal including:

- Network innovation capex program funding (forecast at approx. \$42 million).
- Stage 3 ADMS Advanced Application funding (forecast at approx. \$10 million of which Ausgrid proposes to self-fund a significant proportion).

The NIAC will provide advice on prioritisation of innovation projects. Committee members may also propose additional projects for the committee's consideration. Opportunities for collaboration with other networks may also be identified and acted upon.

Ausgrid will share with the NIAC information on other DMIA, DMIS projects that complement programs in the Network Innovation program and other Ausgrid commercial innovation projects for their information

The NIAC will make decisions in accordance with the guiding principles for innovation (see below).

Guiding principles for innovation

All innovation projects must be in the long-term interests of consumers with respect to price, quality, safety, reliability and security of supply.

The NIAC will consider projects in accordance with the following principles:

- Maintains safety for employees and the community
- Improves fairness
- Accelerates de-carbonisation
- Lowers costs for customers
- Improves resilience
- Solves a specific problem
- Improves the economic utility of new and existing assets
- Uniqueness of problem and collaborative opportunities

Membership

Members will bring knowledge of the environment and market within which Ausgrid operates, including trends and technological developments which impact on future plans and strategies.

Meetings

The NIAC will meet at least three times per year, or as needed, at Ausgrid's offices. Meetings will be chaired by Executive General Manager, Asset Management.



D. Reset Customer Panel

Purpose

The RCP has been established to represent the long-term perspectives of our customers and challenge Ausgrid on key issues relating to the 2024-29 Regulatory Reset.

Importantly the RCP does not represent customers per se; Ausgrid will also, in collaboration with the RCP, engage our customers directly on key issues and trade-offs arising during the 2024-29 Regulatory Reset. Members will be expected to provide independent and constructive feedback and challenge based on their expertise and insight during the development of the 2024-29 Regulatory Proposal.

The RCP will be requested to form a view on the degree to which Ausgrid's Regulatory Proposal addresses the needs and preferences of customers.

Functions

The functions of the RCP include, but are not limited to:

- Form an independent view on the degree to which Ausgrid's 2024-29 Regulatory Proposal addresses the needs and preferences of customers.
- Co-design Customer Engagement Plan for the 2024-29 Regulatory Proposal including scope of engagement topics and level of engagement for relevant topics and themes and engagement methodology.
- Inform Ausgrid's customer research program and seek their own research/advice (including from AER) to understand and best represent customer views.
- Input into the development of the Draft Regulatory Proposal, by bringing customer views to key components of the plan and explore potential trade-offs between aspects of a regulatory proposal.
- Seek an in depth understanding of Ausgrid's business including revenue requirements.
- Test key aspects of the Ausgrid Regulatory Proposal such as, operating expenditure, capital expenditure, major augmentation projects, revenue path profile, customer experience, approach and support for vulnerable customers and tariff reform.
- Provide advice on communication of engagement materials to ensure they are accessible and will encourage customer contributions and can support a diversity of views.
- Develop and deliver to Ausgrid, three independent reports on Ausgrid's Draft Regulatory Proposal, Regulatory Proposal and Revised Regulatory Proposal and participate in engagement process reviews.
- Assist in the development of appropriate timelines for key deliverables.
- Key deliverables and milestones will be developed with the RCP.

Membership

The membership of this committee will be drawn from the current and new members of the Customer Consultative Committee.

Each member shall be appointed to the RCP through an open and transparent selection process. Members must be prepared to engage constructively, without advocating any political or partisan interest. Members will be required to have a mix of skills including:

- Knowledge of energy sector engagement best practice and research methodology.
- Working knowledge of key regulatory topics and requirements of electricity distributor's regulatory proposal.
- Experienced in tariff reform.
- Expertise to serve the role of challenging Ausgrid on key elements of their proposal.

Each member will sign a confidentiality agreement and disclose any conflicts prior to appointment.



RCP Operational Charter

Independent Chair

The Chair is responsible for:

- Overall effective functioning of the RCP including managing the conduct of meetings and facilitating proper information flow to the CCC.
- Conduct RCP meetings in a way that encourages respectful collaboration and a diversity of viewpoints to be presented and heard.
- Achieve alignment with CCC on key Reset issues and outcomes (with Ausgrid).
- Lead discussions with Ausgrid on behalf of RCP on issues subject to agreement by all RCP members
- Approve the agenda and minutes of each RCP meeting.

Assessing Independence

Members of the RCP are accountable to Ausgrid customers and wider stakeholders for their decisions and actions and should act in the interests of customers. The Chair will be able to exercise independent judgement and reporting of the Reset Customer Panel will be free from the influence or control of Ausgrid.

The following measures are proposed to confirm the independence and effectiveness of the RCP:

- The Chair will be selected through an open expression of interest process, with two members of the CCC participating in interviews with the Chair
- Provision of evidence that the RCP is providing rigorous challenge through a challenge log and the challenge impacting the development of the regulatory proposal, this document will be publicly available.

The primary role of the RCP is to input, challenge and provide feedback on Ausgrid's 2024-29 Regulatory Proposal. This will be done through:

- regular meetings :
- collaboration with CCC, NIAC and PWG;
- participation in customer and stakeholder engagement activities; and
- direct engagement with AER.

Relationship to the CCC, PWG and NIAC and interrelationships

- CCC
 - RCP Chair to report back to CCC on deliberations and positions reached.
 - Update on progress on key themes, challenges and trade-offs identified and process to resolve.
 - Share reports with CCC prior to submitting to Ausgrid.
- PWG
 - The PWG will have primary responsibility for the development of the Tariff Structure Statement (TSS).
- NIAC
 - The NIAC will have a key role in the development of the Network Innovation Program.
- Areas of responsibility for the development of the Regulatory Proposal will be discussed between RCP, PWG and NIAC Chairs.



The RCP's relationship with the AER

- Ausgrid and the RCP intend to maintain regular contact with the AER throughout the program.
- The AER will be invited to attend RCP meetings and contribute where appropriate.
- The RCP can request the AER to assist by providing:
 - Specialist information and advice on regulatory, economic, industry or other relevant matters
 - Advice about how a particular matter in the Regulatory Proposal might be assessed by the AERAusgrid and the RCP recognise that any contributions may not reflect the views of the AER.

Reporting

- The RCP will provide a report on Ausgrid's Draft Regulatory Proposal, Regulatory Proposal and Revised Regulatory Proposal to Ausgrid by agreed dates. Reports will be published by Ausgrid and will be submitted to the AER along with its proposals.
- The report will advise the AER on the degree to which Ausgrid's 2024-29 Regulatory Proposal addresses the needs and preferences of customers.
- The RCP will report on how well they believe the engagement outputs have influenced the regulatory proposal.
- In their report the RCP should highlight areas of agreement and disagreement, including how Ausgrid responded to challenges that were raised through the process.
- In their reports the RCP may comment on technical matters associated with the revenue reset.

Governance:

- The RCP Chair and members will be paid directly by Ausgrid and costs associated with commissioning of research and independent advice will be determined by discussion between the RCP Chair, Ausgrid Chief Customer Officer and CEO.
- Ausgrid will fund a meeting secretariat.
- A budget for the Reset Customer Panel (RCP) will be confirmed with the new RCP Chair in consultation with Ausgrid Chief Customer Officer and CEO. The agreed budget will allow the RCP to undertake its independent role, consistent with this Terms of Reference.
- The Chair will sign a confidentiality agreement and disclose any conflicts prior to appointment.
- Members and the Chair will be appointed for such period as is required to complete the regulatory review process for the Ausgrid Regulatory Reset 2024-29.
- Quorum is the Independent Chair and 3 other panel members.

Meetings and administrative support

- The frequency and topics for RCP meetings will be determined after the RCP has been established.
- Unless otherwise agreed by all members of the RCP, all members must be given not less than 7 days' notice of any meeting. Notice must include details of the business to be discussed at that meeting.
- Meetings will be minuted and actions identified.
- Confidential materials will be clearly identified.
- Secretariat will support operation of the RCP.