

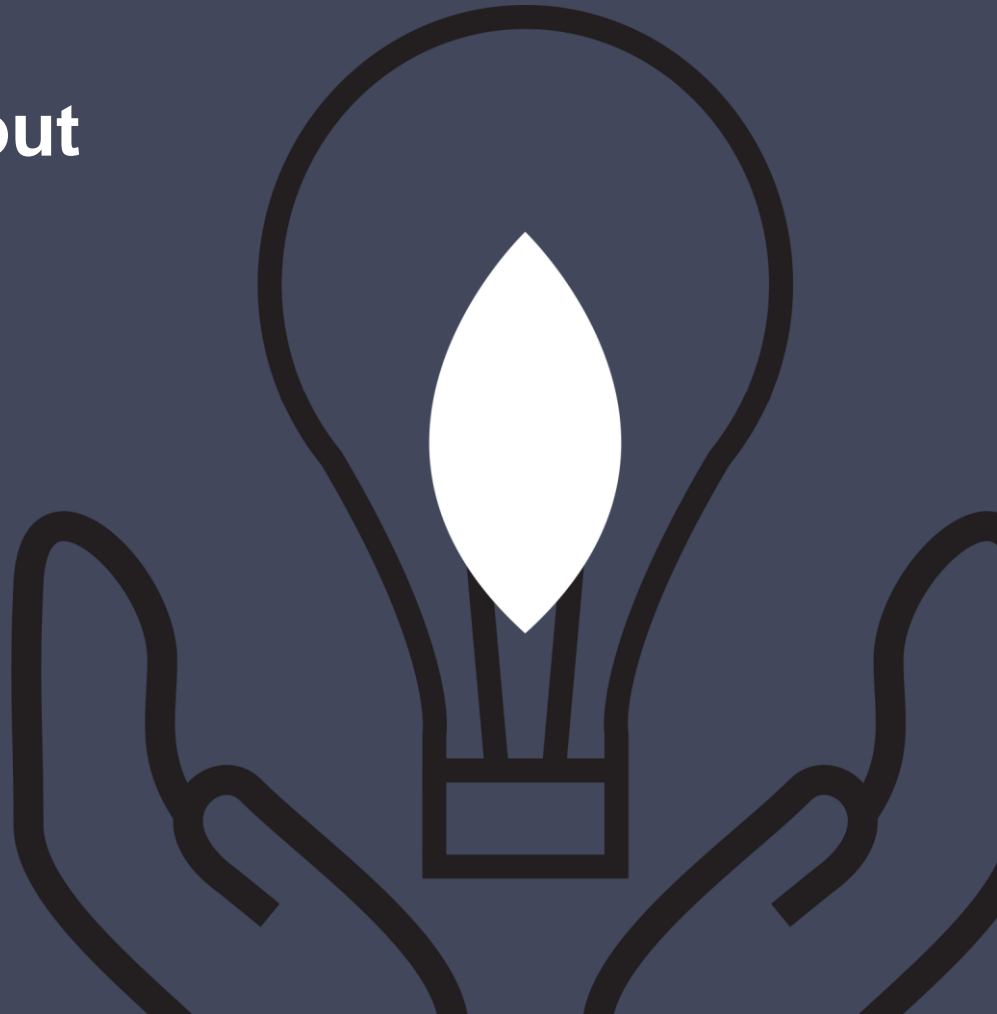
Best Practice Consumer Engagement

AusNet Customer Forum
April 2018



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What are we talking about



	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision. We will seek your feedback on drafts and proposals.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

The questions I want to answer

The dimensions of engagement



There are four questions I want to ask

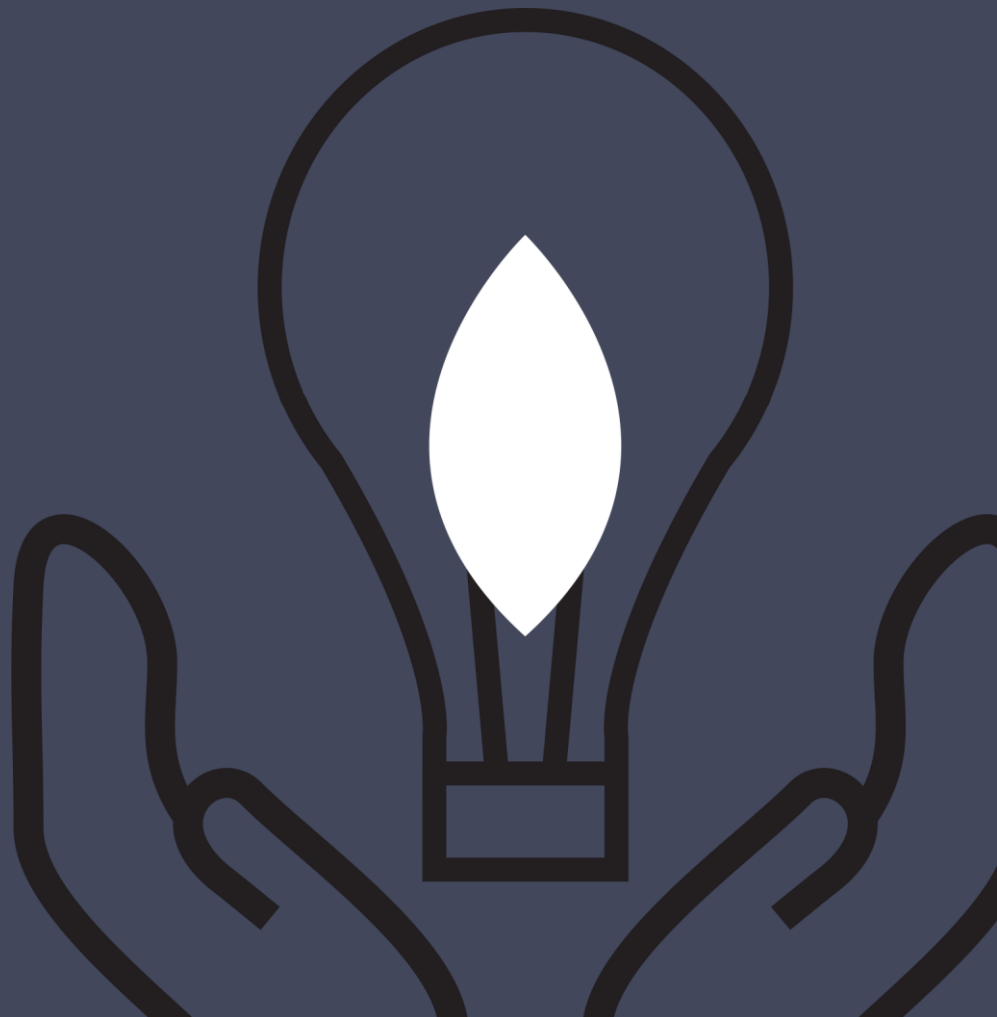
- Who – who are the external parties that the organisation wants/needs to engage with
- Why – why is the organisation engaging
- What – what are you engaging on
- How – how will the engagement be conducted

You have to answer the first three before you think of how

2

Who – Why - What

...



Who



There are three main types of external engagement

- **Community engagement**
Typically where there are 'externalities' from the activities of the business – e.g. impact on the community of a new mine
- **Stakeholder engagement**
A responsibility (unless you are Milton Friedman) of all business – includes suppliers, community, shareholders, governments, workers...
- **Consumer/customer engagement**
Where the parties involved part with their hard earned cash so that the business makes revenue

Which customers/consumers



Many businesses don't directly transact with end users

- Visa
- Ericsson
- Nike

Some businesses only service sections of the community

- Business or residential
- Wealthy or vulnerable

Why



There are at least three reasons for networks to engage with end users

- Rebuild trust – linked to ‘social licence’; but prefer to think of as ‘regulatory compact’
- To support regulatory proposal – AER has to provide some weight to views/priorities/preferences of end users
- Good business sense – in the long run network has better opportunities by delivering to consumer preferences

What



Engage with customers on everything that customers think you have a choice in

Even where you don't have choice, explain why not

Talk to customers in their language not the network's language

3 How



How

Some tools of engagement

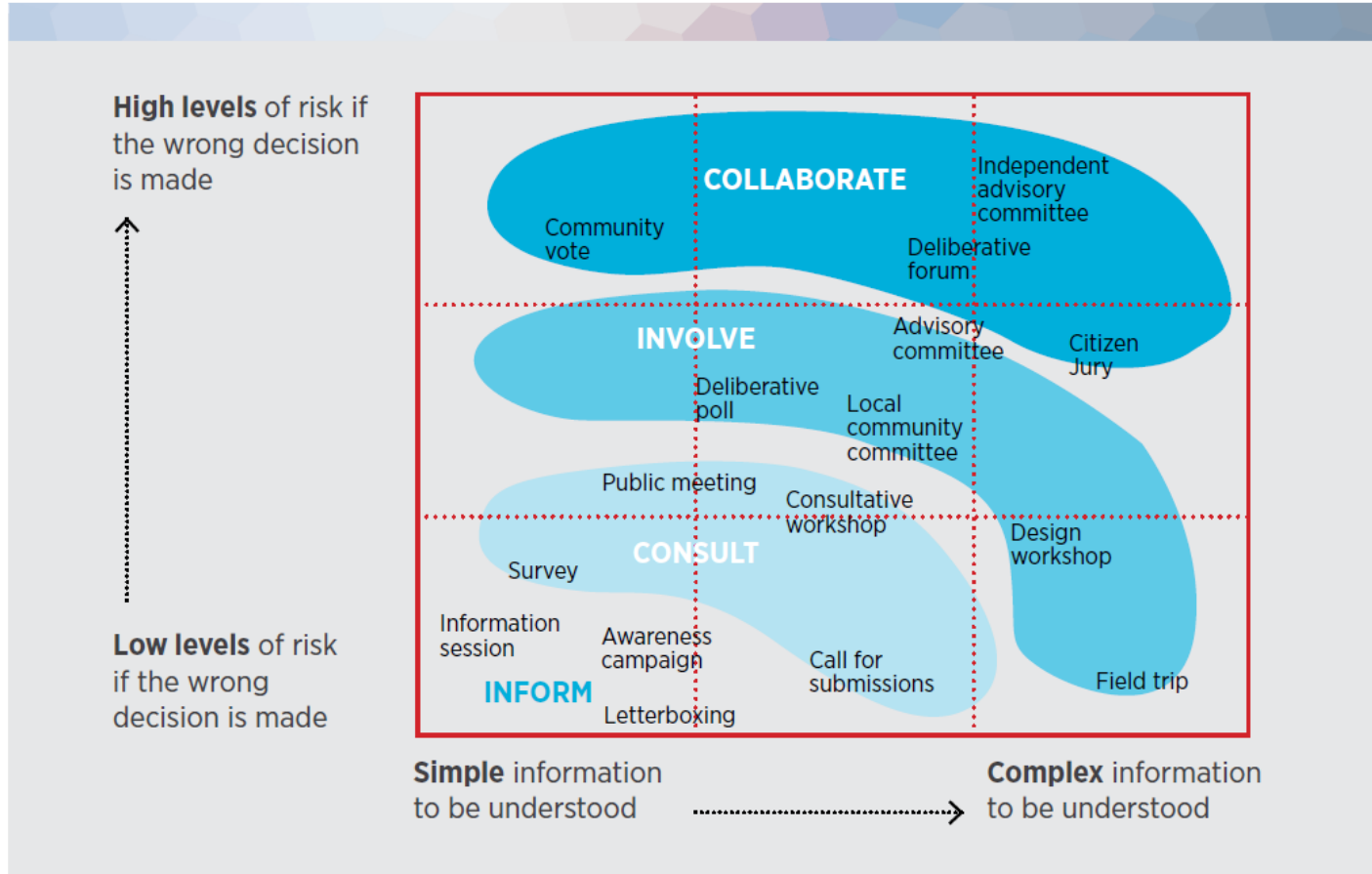


- Inform
Direct mail, website, social media
- Consult and involve
Interviews, focus groups, surveys, randomised control trials, choice modelling, willingness to pay studies, community forums
- Collaborate and empower
Consumer panels, action research

(Source: ENA engagement handbook)

How

Figure 8: Participation matrix with some techniques (adapted from Robinson, 2003).



(Source: ENA engagement handbook)

How



How much of the business plan should the business engage on?
I think there are two dimensions

- **Optionality**
How much option does the business have in the way it goes about something? For example safety has low optionality, while planning for use of Distributed Energy Resources has much higher optionality
- **Innovation**
What degree of innovation is possible? By 'innovation' I simply mean a different way of doing things than in the past

How

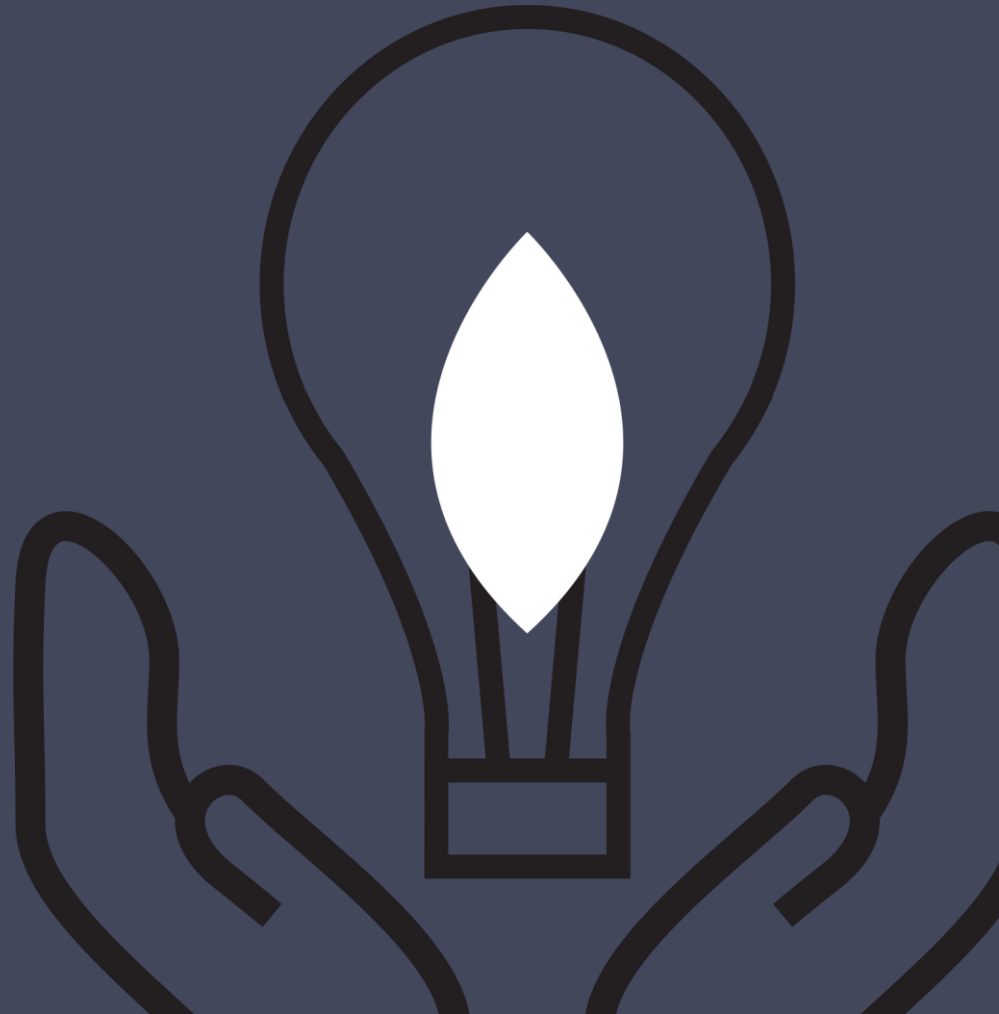
Mode of engagement depends on optionality and innovation



	Low innovation opportunity	High innovation opportunity
High optionality	Two-way Communication	Qualitative Market Research
Low optionality	One-way Communication	Quantitative Market Research

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Other principles and evaluation



Five principles from World Business Council on Sustainable Development



- Transparency – clear and comprehensive disclosure
- Responsiveness – respect customers' views
- Inclusiveness – will to engage with all groups
- Materiality – assess and prioritise importance
- Measurement – document engagement, its output and assessment

Five common features of effective engagement from ENA Customer Engagement Handbook



- Effective customer engagement aims to build mutual trust
- Effective customer engagement is purposive and planned
- Effective engagement is a dialogue
- Effective customer engagement recognises a scale of participation (eg IAP2 spectrum)
- Effective customer engagement is conducted responsibly

Evaluating customer engagement from ENA Customer Engagement Handbook



Customer engagement activities must be documented, and their outcomes and impacts evaluated

- Specify Key Performance Indicators; examples
 - Contact quantity
 - Contact quality
 - Procedural fairness
 - Trust
 - Acceptance

Customer engagement and the customer forum



Customer engagement is an activity of the network business, not the forum

- Forum needs to determine effectiveness of the customer engagement and get it changed if necessary
- Forum needs to understand what the engagement is revealing about customer priorities and preferences
- Forum needs to use that understanding in negotiating the regulatory proposal



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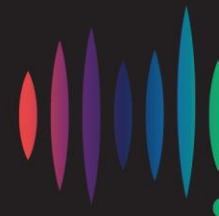
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