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AEMO Stakeholder Relations
Submitted via email:
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Renewing AEMO's Engagement Model options paper

Thank you for the opportunity to comment on the Renewing AEMO's Engagement Model options paper, published 17 July 2020.

Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

Energy Networks Australia and its members congratulate AEMO for undertaking this consultation process and recognising the need to improve its stakeholder consultation processes.

Key Messages	
1.	It is important that AEMO clarifies what it is trying to achieve with its consultation processes – to merely inform or to genuinely consult? ENA recommends AEMO utilises the IAP2 consultation framework to ensure engagement is genuinely pitched at the correct level of engagement.
2.	The proposed reform approach is focused on structure, but doesn't explain how communication between proposed forums, advisory panels and working groups will be undertaken. There is questionable value in a multi-layered consultation structure without a defined objective for each engagement process and a means to ensure the input provided from the various groups and forums is incorporated into outcomes. It is recommended AEMO adopt a formal stakeholder engagement framework along the lines of the Australian Energy Regulator's approach.
3.	Stakeholders will have greater confidence in governance arrangements where engagement processes are transparent and it is reported how stakeholder input has been incorporated into decision making.
4.	Energy Networks Australia is concerned at the exclusion of industry peak bodies from strategic committees. These organisations exist to provide a collective voice on behalf of their memberships, which in ENA's case spans the entire network sector. Excluding these bodies from strategic committees would deny the opportunity for an agreed position to be presented on behalf of sector

<p>participants from a single conduit. This would be counter-productive and inefficient.</p>
<p>5. Energy Networks Australia supports the principle of an energy CEO round table, but its purpose would need to be clearly defined. Given the existence of the Energy Security Board, any CEO Roundtable should link to the ESB to ensure broad input into sector policy making, rules, regulation and operations. If the ESB ceases to exist in future, any CEO Roundtable should link to a combination of the AEMC, AER and AEMO and report to them.</p>
<p>6. In relation to the three structure and governance options presented, most Energy Networks Australia members support option three. However, as outlined above, what would be most valuable is a cultural shift in engagement from informing to more genuine consulting and collaboration.</p>
<p>7. Of the proposed selection options of strategic committee membership (3.3.2), Energy Networks Australia supports option three that industry associations nominate members for election.</p>

1. It is important that AEMO clarifies what it is trying to achieve with its consultation processes – to merely inform, to consult or to collaborate? ENA recommends AEMO utilises the IAP2 consultation framework to ensure engagement is pitched at the correct level of engagement.

“Many stakeholders find AEMO consultative and working groups to be at times inconsistent, fragmented, uncoordinated and one-way in their communication.”¹

Energy Networks Australia agrees with the above ‘problem statement’, which accurately defines some key issues in the manner of AEMO’s engagement.

The IAP2 Engagement Spectrum (Figure 1.) articulates the different approaches of ‘inform, consult, involve, collaborate and empower’. It is strongly recommended this model be used as a framework for identifying what level of consultation AEMO wishes to adopt for the various proposed working groups and forums.

A mismatch of engagement expectations between AEMO and other industry participants can create frustration among stakeholders, reputational risk for AEMO and deliver sub-optimal outcomes. For engagement to be effective and genuine, it needs to be clear about what it is trying to achieve and demonstrate that stakeholder input has been taken into consideration in AEMO decision making. We elaborate further on this at points two and three below.

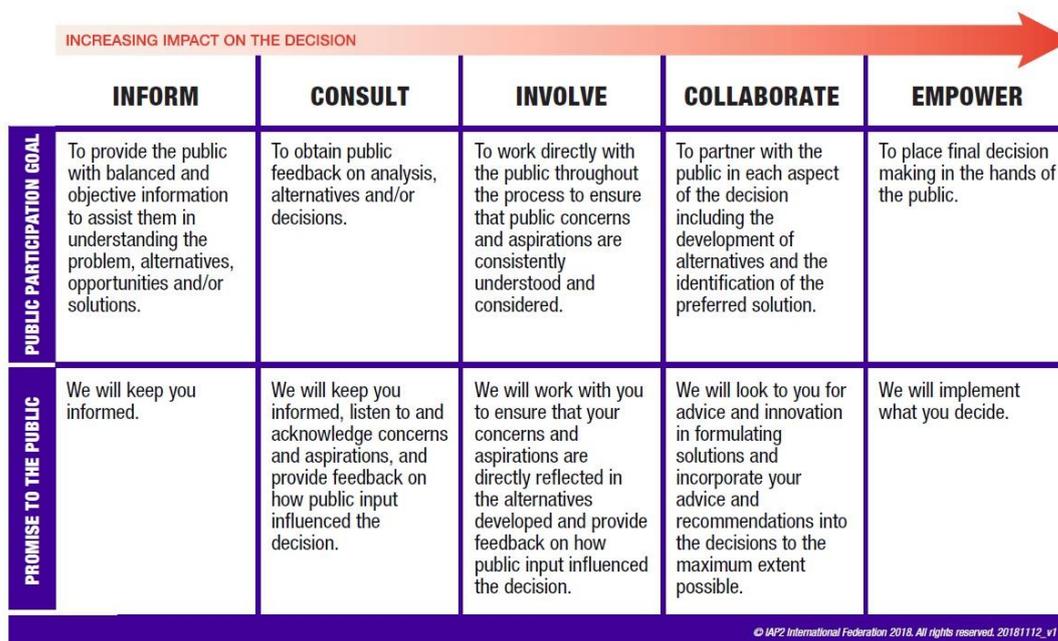
Feedback from our members and our own experience has demonstrated that despite the stated desire to be consultative, AEMO sometimes appears unwilling to take feedback on board.

Higher IAP2 levels of engagement enable stakeholders to shape outcomes and solve problems together with genuine and constructive two-way communication.

¹ AEMO 2020 | Renewing AEMO’s Engagement Model, P3.

As the [AER Stakeholder Engagement Framework](#) notes, “different levels of stakeholder engagement are appropriate depending on the objective, outcomes, timeframes, resources and levels of concern or interest in the project.”² It is important the level of and objectives for engagement are defined before consultation is undertaken.

It is noteworthy to consider the vast difference in consultation approaches that AEMO took for the Integrated System Plan – with a draft released for consultation, feedback considered and incorporated and a final report released - versus the Renewable Integration Study (RIS). The AEMO website says it “consulted with a wide range of stakeholders”, but only after the RIS had been published.



INCREASING IMPACT ON THE DECISION

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

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Figure 1. IAP2 Engagement Spectrum.

2. The proposed reform approach seems heavily focused on structure but is unclear how communication between proposed forums, advisory panels and working groups will be undertaken. There is questionable value in a multi-layered consultation structure without a defined objective for each engagement process and a means to ensure the input provided during consultation is incorporated into outcomes.

² AER Stakeholder Engagement Framework, P 13.

While a restructure and consolidation of AEMO's many forums and working groups has merit, this alone will not address inadequacies in consultation.

Inconsistency, fragmentation and one-way communication in engagement common issues that require:

- » Clear engagement objectives and desired outcomes to be defined;
- » Well-defined scopes and clear agendas to be established for each committee and working group;
- » Effective chairs to drive two-way communication against the above criteria;
- » A transparent reporting of outcomes measured against objectives/scopes, endorsed by participants, publishing minutes; and
- » Demonstration that stakeholder input has been considered in decision making processes.

It is also important that communication is facilitated between the various layers of working groups and committees to ensure appropriate sharing of information. This is not addressed in the options paper.

AEMO's engagement processes should be appropriately confined to those areas of NEM responsibility that fall within its remit.

It is strongly recommended that AEMO develop, in consultation with industry, a formal structure along the lines of the AER's Stakeholder Engagement Framework. This should have clearly articulated principles to guide the function and outcomes of the consultative groups.

3. Stakeholders will have greater confidence in governance arrangements where engagement processes are transparent and it is reported how stakeholder input has been incorporated into decision making.

Genuine collaborative engagement requires that stakeholder input is considered as part of decision-making processes. Accountable engagement also should incorporate reporting mechanisms to demonstrate how feedback has been incorporated into outcomes or considered in making decisions.

Another key component of effective engagement is performance evaluation. It is recommended that AEMO undertake evaluation with key stakeholders about the effectiveness of its consultation processes.

*"Evaluating our engagement activities is a critical element of good engagement as it allows us to understand what is effective and improve the quality of our stakeholder engagement over time."*³

³ AER Stakeholder Engagement Framework, P 15.

4. Energy Networks Australia is concerned at the exclusion of industry peak bodies from strategic committees.

The industry representatives for any panel, committee or working group should be based on merit depending on whether the person has the required skills to deliver the remit of each group. The nominee should have the support of the industry and have the interest and time to commit and contribute to AEMO's stakeholder engagement.

Peak bodies should not be explicitly excluded, if they:

- » have the skills/knowledge;
- » have the support of the industry they represent; and
- » can commit to fully engaging with the process.

Industry peak bodies exist to provide a collective voice on behalf of their memberships, which in Energy Networks Australia's case spans the entire network sector. Indeed, between them, Energy Networks Australia, the Australian Energy Council, Clean Energy Council and Energy Efficiency Council represent the vast majority of NEM participants.

Excluding these bodies from strategic committees would deny the opportunity for an agreed position to be presented on behalf of sector participants from a single, expert conduit. This would be counter-productive and inefficient.

If the consultation paper's logic for excluding industry associations was applied to AEMO, AEMO would be excluded from engaging in any process as Australia's system operator, because there are some Australian customers who get their electricity from non-AEMO systems.

5-6. Energy Networks Australia supports the principle of a CEO round table, however it should link to the ESB. In relation to the three structure and governance options presented, most Energy Networks Australia members support option three. However, what would be most valuable is a cultural shift in engagement from informing to more genuine consulting and collaboration.

Energy Networks Australia supports the principle of an energy CEO round table, but its purpose would need to be clearly defined. Given the existence of the Energy Security Board, any CEO Roundtable should link to the ESB to ensure broad input into sector policy making, rules, regulation and operations. If the ESB ceases to exist in future, any CEO Roundtable should link with a combination of the AEMC, AER and AEMO and report to them.

In relation to the three structure and governance options presented, most Energy Networks Australia members support option three. However, the most appropriate model for consultation would ideally be determined by the issue at hand and the objectives for any desired engagement. The frequency of meetings should be driven by the milestones established for any given consultation process.

Regardless of the structure and governance chosen, focus should be on ensuring clear scope, objectives and transparent reporting of outcomes and ensuring the appropriate level of engagement is undertaken depending on the issue at hand.

Again, this highlights the need for an appropriate Stakeholder Engagement Framework to be developed as a first step to underpin AEMO's engagement processes.

7. Of the proposed selection options of strategic committee membership (3.3.2), Energy Networks Australia supports option three that industry associations nominate members for election.

This is likely to be a far more effective and efficient mechanism than a complicated election process.

Thank you again for the opportunity to make a submission to the options paper. We congratulate AEMO for taking the initiative to reform consultation processes and look forward to making a continued contribution to engagement as we help shape the transition of our energy market and system.

If you wish to discuss any issues raised in this submission, please contact Tamatha Smith, General Manager Corporate Affairs, tsmith@energynetworks.com.au.

Yours sincerely,



Andrew Dillon
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