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AUSTRALIAN
ENERGY
REGULATOR

AER Stakeholder Engagement Framework



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1. Introduction

The Australian Energy Regulator (AER) recognises that the decisions we make and the actions we take in performing our regulatory roles and other activities affect a wide range of individuals, businesses and organisations. While we have always engaged with the stakeholders impacted by our work, we are committed to improving the quality of our engagement.

Our vision is for our stakeholders to have the opportunity to engage with us across a range of our functions. To achieve this, we recognise that our stakeholders need to have trust that their input will be valued and, importantly, that the regulatory process can deliver outcomes that reflect stakeholders' needs and interests.

Our Stakeholder Engagement Framework (Framework) works towards this vision by providing a structure that allows stakeholders' needs and interests to be consistently, transparently and meaningfully considered in our activities, including those processes through which we reach decisions.

The core objectives of our Stakeholder Engagement Framework are to:

- promote the achievement of national energy legislation objectives, so that energy services meet in the long term interests of energy consumers
- increase the transparency of our regulatory activities and processes, and increase participation in these activities and processes
- facilitate our ability to understand stakeholder concerns and interests and incorporate them into our processes and activities
- improve the way we communicate and engage with our stakeholders, including enhancing the clarity, accessibility, relevance and timeliness of our communication throughout our engagement processes
- build stakeholders' trust and confidence in the AER and its regulatory processes, decisions and activities.

2. About the AER

The AER regulates energy markets and networks. We are established as an independent entity under the *Competition and Consumer Act 2010* (the CCA). Our functions are set out in national energy market legislation and rules, which include the National Electricity Law, the National Gas Law and the National Energy Retail Law.

Our energy network regulation and wholesale market functions cover all states and territories except Western Australia (although in the Northern Territory we regulate only gas transmission). Our retail energy market functions cover the ACT, Tasmania (electricity only), South Australia and New South Wales.

Our functions include:

- setting the prices charged for using energy networks (electricity poles and wires and gas pipelines) that transport energy to customers
- monitoring wholesale electricity and gas markets to ensure participants comply with the legislation and rules, and taking enforcement action where necessary
- monitoring retail energy markets and regulating energy retailers, including enforcing compliance with the legislation and rules; authorising retailers to sell energy (or exempting them from this requirement); approving retailers' policies for dealing with customers in hardship; administering a national retailer of last resort scheme; reporting on retailer performance; educating residential and small business customers about their energy rights; and managing the energy price comparison website, Energy Made Easy
- publishing information on energy markets, including the annual *State of the Energy Market* report and more detailed market and compliance reporting.



We aim to make energy markets work better for consumers. Our decisions are guided by the objectives set out in national energy legislation.

These aim to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of energy consumers with respect to price, quality, safety, reliability and security of supply.

To achieve these objectives, we pursue the following goals:

- promoting efficient investment in, and efficient operation and use of, energy networks
- building consumer confidence in energy markets
- promoting competitive and efficient energy markets.

We recognise that strengthening stakeholder participation in energy market decision making processes is an important element of achieving these goals.

This Framework is one of a range of actions we are taking to increase consumer participation in the market.





3. Purpose of the Stakeholder Engagement Framework

This Framework provides the context in which we will plan and implement stakeholder engagement for identified projects, strategies and decision making processes.

It sets out the principles we will adhere to when we plan and carry out our engagement activities, so that the views and interests of our stakeholders are consistently and meaningfully considered, and that our stakeholders know this to be the case.

The Framework sets out the:

- scope of our engagement activities— who we will engage with and the kinds of issues we will engage with stakeholders on
- principles that will underpin our engagement activities
- different levels of engagement and the mechanisms we will use to engage with our stakeholders, recognising that tools and strategies must be tailored to suit the decisions, activities and processes we are seeking to engage on.

4. Scope of this Framework

4.1 Who are our stakeholders?

While the Framework relates closely to our engagement with energy consumers, we also need to engage constructively with a range of other stakeholders affected by our activities and decisions.

The principles and practices set out in this document are intended to cover (but are not limited to) our public engagement with the following groups.

- *Energy consumers*
 - Residential consumers, in particular the majority of general energy consumers, as well as those who have particular needs and interests
 - Small and large businesses
 - Large and industrial energy users
- *Advocates and representative bodies*—including bodies advocating on behalf of residential and small business consumers; advocates for large energy users; consumer caseworkers
- *Governments and other regulatory agencies*—including jurisdictional energy ombudsman schemes; jurisdictional energy regulators; other energy market bodies; state, territory and national government departments
- *Energy businesses*—including electricity generators; gas producers and shippers; energy network operators; wholesalers; energy retailers and resellers; peak industry groups
- *Investors* in the energy sector
- *Media*, who may report on our decisions and activities.

4.2 What activities does this Framework cover?

This Framework covers a wide range of our public engagement activities, including:

- Engagement around regulatory issues, such as:
 - regulatory reviews of network pricing proposals
 - development of industry guidelines (such as our Retail and Better Regulation guidelines)
 - AER participation in Australian Energy Market Commission rule change processes.
- Strategic issues, such as:
 - our compliance and enforcement priorities
 - changes to our processes and policies that have an impact on stakeholders
 - consumer capacity building and our education and outreach activities
 - other specific projects that have the potential to impact on our stakeholders.



5. Engagement principles

We have taken a principles based approach to our stakeholder engagement activities. Each principle seeks to clarify the purpose of our engagement with stakeholders and guide how that engagement occurs.

Principle 1 – Clear, accurate and timely communication

We will provide information that is clear, accurate, relevant and timely, recognising the different communication needs and preferences of different stakeholders and that effective communication involves listening and talking.

How will we do this?

We will provide information in a form that is understandable by the target audience and in a way that assists people to understand and make informed choices and contributions to our processes. This includes:

- using language that is appropriate for the target audience
- providing plain English summaries of key issues and impacts of decisions
- using a range of methods and mediums to communicate with consumers, being flexible in our approach, and taking steps to identify stakeholders' communication preferences
- providing opportunities for stakeholders to ask questions, seek clarification of information provided and to contribute their own experiences and information
- enabling stakeholders to access relevant information
- seeking stakeholder views as early in the process as possible
- establishing clear and realistic timeframes for stakeholder input
- maintaining engagement throughout the life of the process, activity or program (that is, from the planning phase to review and closure).

Principle 2—Accessible and inclusive

We will seek out stakeholders potentially affected by, or interested in, our activity, process or decision and provide them with the information they need to participate in a meaningful way.

How will we do this?

We will:

- as part of the planning for each project, identify the relevant stakeholders that may be interested in, or affected by, the issue and the most effective way to engage with these stakeholders. This will include considering which particular communication channels and engagement tools may be most effective
- identify and, to the extent possible, understand the interests and concerns of the relevant stakeholders, and where appropriate acknowledge that across our range of stakeholders there is likely to be a diverse range of interests and concerns
- recognise that adequate time and resources are needed by all stakeholders to effectively engage. This includes:
 - taking steps to understand resourcing issues that may impede stakeholders' ability to participate, and considering this as part of our flexible approach
 - to the extent possible, holding meetings at times and locations that are mutually convenient
 - coordinating AER stakeholder engagement activities, wherever possible, to make the most efficient use of stakeholders' time
 - where possible, allowing at least four weeks for stakeholders to provide submissions and comment. In most cases, we will aim for six week consultation periods and where we cannot allow at least four weeks to respond we will explain clearly why this is the case
 - accepting submissions other than 'formal' written submissions—for example, verbal or emailed comments.
- where necessary and appropriate, assist stakeholders to engage with us—for example, by holding forums early in the engagement to increase stakeholders' knowledge and ability to participate
- take steps to give all stakeholders opportunities to be heard.



Principle 3—Transparent

We will clearly identify and explain the engagement process, the role of stakeholders in the engagement process, and communicate how their input was considered and how it informed the decision or project.

How will we do this?

We will:

- clearly communicate to stakeholders the purpose of the engagement, our objectives, and what level of engagement we are undertaking (under the Stakeholder Engagement Spectrum, see further detail below)
- clearly articulate the processes for engagement in the decision, activity or process
- clearly communicate the decision-making processes
- provide feedback to stakeholders about their input, including how the input was considered and informed or influenced the outcome of the decision or process. Depending on the nature of the engagement, feedback could range from verbal feedback to written ‘reasons for decisions’ documents
- update stakeholders as required or requested on the progress of specific issues or questions raised through engagement using a range of communication methods
- report openly the input from stakeholders
- provide information on any changes to the decision making process, engagement process or our objectives
- report publicly on the outcomes of engagement activities on our website and in our annual report.

Principle 4 – Measurable

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.

How will we do this?

We will:

- as part of the planning for each engagement process, establish measurable criteria to assess our engagement activities and how we will apply each principle
- use a range of methods to evaluate the effectiveness of each engagement activity, using this information to refine and improve future engagement activities. These may include:
 - measuring quantitative data such as number of participants; number of formal and informal submissions received; the number of meetings, forums and workshops held
 - proactively seeking feedback from those who participated in our engagement activities. This can be done in a variety of ways, such as surveys and interviews, and will allow us to determine stakeholder satisfaction with the engagement, including satisfaction with the:
 - clarity and timeliness of communication
 - clarity of the purpose and desired outcome of the engagement
 - transparency of process and timelines
 - transparency of how their input was considered
 - level of support provided
 - opportunities to participate.

6. Stakeholder Engagement Spectrum

We recognise that different levels of stakeholder engagement are appropriate depending on the objective, outcomes, timeframes, resources and levels of concern or interest in the project.

We have adopted a Stakeholder Engagement Spectrum (see Table 1 below) to illustrate the increasing levels of engagement we may use depending on the particular project or activity, and the different engagement methods that can accompany each level.

The Spectrum provides a methodology for us to determine what level of influence stakeholders can have over an activity and therefore what level of engagement is appropriate.

At lower levels, we may determine that engagement simply means ensuring stakeholders are well informed about our processes and outcomes. At higher levels, the Spectrum illustrates that for some issues we may seek more direct stakeholder input. The level of engagement we use will be determined by our role and responsibilities, the issue being considered, and what we are trying to achieve.

Given the nature of our role as regulatory decision maker, we expect the majority of our engagement activities will occur at the levels of 'Inform', 'Consult' and 'Involve'. In much of what we do, we cannot share or delegate decision making. However, we have included the higher levels of 'Collaborate' and 'Empower' in the spectrum as there may be occasions or activities where engaging at these levels will help us achieve our objectives.

A key element of the Spectrum is the recognition that each level of engagement involves a promise made to our stakeholders. At all levels, the promise should be clearly defined and understood by all participants and the decision makers.

In the table below, we have also included examples of engagement tools that could be used at each level of the Engagement Spectrum. These engagement tools are not included as an exhaustive list, but as an indication of the kinds of techniques we may use, depending on the issue and our objective.

Table 1 Stakeholder Engagement Spectrum¹

Stakeholder engagement spectrum	Inform	Consult	Involve	Collaborate	Empower
Characteristics	One-way engagement	Limited two-way engagement: we ask questions, stakeholders respond	Two-way or multi-way engagement: learning on all sides, stakeholders and AER act independently, AER is decision maker	Two-way or multi-way engagement: joint decision making and actions	Decisions delegated to stakeholders; stakeholders play a role in governance
Stakeholder participation goal	To provide stakeholders with balanced and objective information to help them understand the process, problems, proposed solutions and outcomes.	To obtain stakeholder input on analysis, proposed solutions and outcomes.	To work directly with stakeholders throughout the process to ensure that public issues and concerns are consistently understood and considered.	To partner with stakeholders in the process, including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Our promise to stakeholders	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and provide feedback on how stakeholder input influenced the decision.	We will work with you so that your concerns and issues can be directly reflected in the alternatives developed and provide feedback on how stakeholder input influenced the decision.	We will look to you for direct 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.
Example of engagement tools	Factsheets Email bulletins Media releases Dedicated project web pages on the AER website Written reports Corporate documents (annual report, strategic priorities, State of the Energy Market)	Public analysis and advice Focus groups Surveys Public meetings Meetings with selected stakeholders Webinars and other online forums	Workshops Consultative committees (e.g. the AER's Consumer Consultative Group) Other advisory committees or groups (such as the AER's Consumer Reference Group)	Consensus building Participatory decision making Partnerships	Delegated decisions

¹ The AER's Stakeholder Engagement Spectrum is based on the International Association for Public Participation's (IAP2) public participation spectrum (www.iap2.org.au). Our spectrum also incorporates concepts from the AA1000 Stakeholder Engagement Standard, Accountability, 2008.

7. Reviewing this Framework

We are committed to improving the effectiveness of our engagement with stakeholders over time.

A key element of this improvement will be evaluating our performance under this Framework and, if necessary, amending and adding to this document.

Informal monitoring of the effectiveness of the Framework will be ongoing. In particular, the evaluation phase at the end of each engagement process will provide opportunities for the AER Board and staff to consider how the Framework is working in practice, and suggest changes. Feedback from stakeholders gained through the project evaluation processes will inform this assessment.

Additionally, in the longer term it will be important to determine whether the Framework is operating effectively and meeting our expectations and those of our stakeholders.

In this context, we will review this Framework after three years of operation, in part by seeking the views of stakeholders about the scope and principles of the Framework and, importantly, about how effectively we have demonstrated these in our engagement activities.

We will publicly report on our findings.

8. Other relevant AER documents

We have published a number of key documents relevant to our interaction with our stakeholders.

AER Strategic priorities and work program

This is available in the [Corporate Documents](#) section of our website (www.aer.gov.au/publications/corporate-documents).

AER Service Charter

Our Service Charter sets out the role of the AER and the standard of service you can expect to receive from us. It is available in the [Corporate Documents](#) section of our website.

ACCC and AER Information Policy

This guideline sets out the general policy of the ACCC and the AER on the collection, use and disclosure of information. It is available in the [Corporate Documents](#) section of our website.

AER Confidentiality Guideline

This guideline sets out how electricity network businesses must make confidentiality claims over information they submit to us as part of their regulatory proposals, so that stakeholders have access to information about issues affecting their interests. It is available in the [Better Regulation](#) section of our website (www.aer.gov.au/Better-regulation-reform-program).



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