

evoenergy



**evoenergy**

# **Energy Regulatory Advisory Panel**

Operational Guidelines

May 2024

# Acknowledgement of Country

*Evoenergy acknowledges the Traditional Custodians of the Canberra region, the Ngunnawal and Ngambri peoples, and pays respect to their Elders past and present. We recognise and celebrate all First Peoples' continuing connections and contributions to the region in which our footprint extends.*



## Featured artwork *"The Energy of Connection"* By Shaenice Allan

Shaenice Allan is a Ngunnawal, Bundjalung and Kamilaroi artist. She has been painting for 15 years, telling the stories that are told to her. Shaenice's paintings represent and connect to the land of her peoples. These stories are an important part of Shaenice's art. They describe the many stories, the many pathways, and the many lines that connect her to Mother Earth.

# Contents

<b>Background</b>	<b>4</b>
Who is Evoenergy	4
The regulatory process	4
Evoenergy's engagement program	5
<b>The Energy Regulatory Advisory Panel</b>	<b>7</b>
Purpose	7
About the members	7
Remuneration	8
Meetings and administrative support	8
Roles and responsibilities	9
Information provision and confidentiality	9
Conflicts of interest	9
Publication of information	9
<b>Terms of reference</b>	<b>10</b>

# Background

## Who is Evoenergy

Evoenergy is responsible for 4,563 kilometres of gas mains supplies and has 146,000 gas customers in the ACT and NSW. Evoenergy also own and operate 2,358 square kilometres of electricity network and supply electricity to 202,500 residential and business customers across the ACT.

The Australian Energy Regulator (AER) is responsible for regulating Australian gas distribution, which falls under a national framework. Evoenergy is currently developing its Gas Network Access Arrangement Proposal for 2026–2031 (GN26 Proposal) to submit to the AER and is engaging with stakeholders and the community on the development of the proposal.

The establishment of an Energy Regulatory Advisory Panel (ERAP) will be one of several ways Evoenergy will engage with consumers and stakeholders as part of the development of the GN26 Proposal.

This period will be a critical time for Evoenergy's gas network as they plan for a responsible transition to achieve the ACT's net zero greenhouse gas emissions by 2045 target. This means the ACT will transition away from fossil fuel gas to renewable electricity by 2045. Evoenergy will continue to work with the community and the ACT Government as they plan this transition.

## The regulatory process

Every five years, Evoenergy is required to provide an Access Arrangement Proposal to the AER which details access arrangements for the ACT and Queanbeyan-Palerang gas distribution network.

The current five-year plan for 2021–26 expires on 30 June 2026 and Evoenergy are starting to plan for the engagement process to support the development of the GN26 Proposal.

This outlines the services Evoenergy will offer consumers, the costs to deliver those services, and how these costs should be recovered from gas network consumers.

This access arrangement will have greater emphasis on the changing energy landscape and hence the path for long-term asset recovery will be particularly important given the ACT government's policy on gas abolishment/ no new connections from November 2023. Hence the preferences of Evoenergy's consumers and stakeholders need to be vigilant of this overarching principle.

Once Evoenergy submits the GN26 Proposal, the AER conducts a comprehensive review process. This process includes seeking feedback from stakeholders to ensure that the proposal is in the best interests of consumers.



## Evoenergy's engagement program

Close engagement with consumers and relevant stakeholders is an integral part of Evoenergy's approach to planning for and developing the GN26 Proposal. Throughout the regulatory schedule, Evoenergy will consult with consumers and stakeholders in relation to a range of matters relating to the gas network.

### Engagement timeline

The following details the expected timeline for regulatory submission and engagement activities.

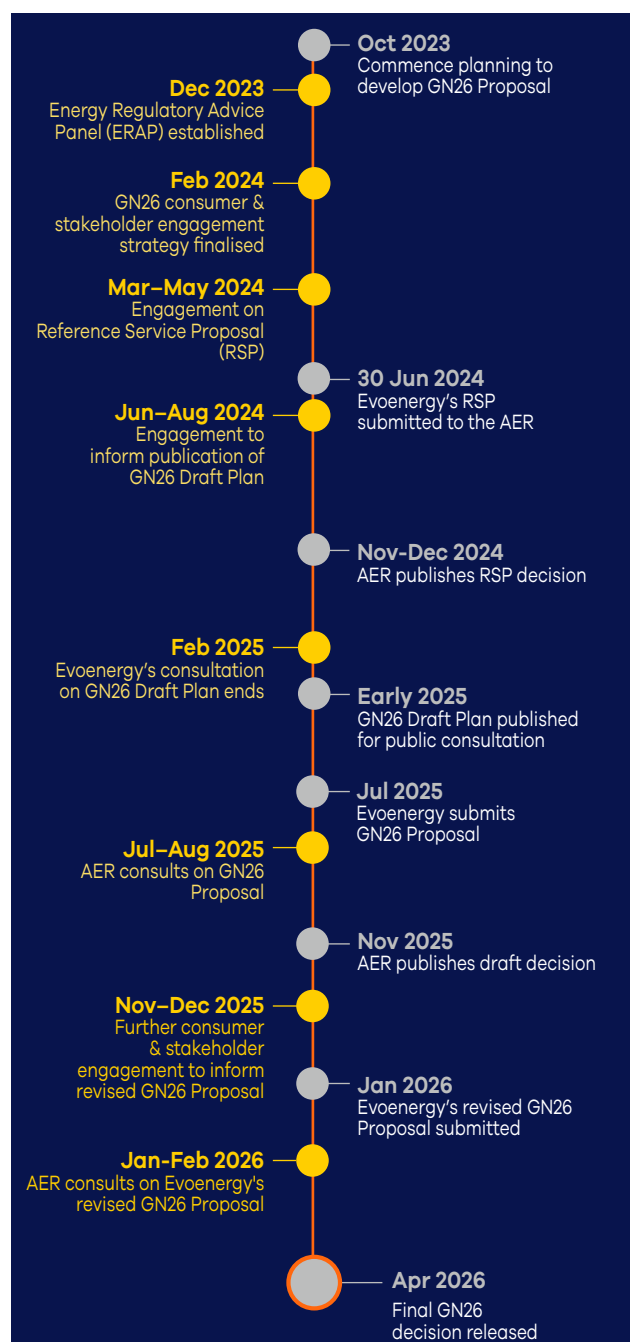
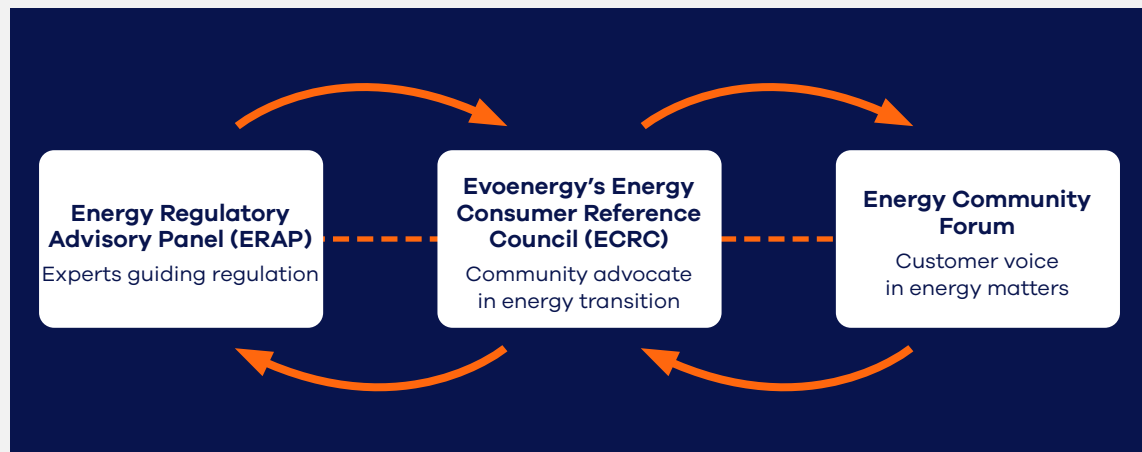


Figure 1: Regulatory and indicative engagement timeline

The ERAP will not directly represent consumers but will form part of a broader engagement framework to engage on key issues arising during the development of the GN26 Proposal. Evoenergy also has an Energy Consumers Reference Council (ECRC) which is an independent forum providing representatives of the community with an opportunity to provide considered input into operations and long term planning of Evoenergy.

The framework for our engagement approach for GN26 is shown below.

Figure 2: Consumer engagement: evolving our approach



# The Energy Regulatory Advisory Panel

## Purpose

The ERAP has been established to “promote the long-term interests of energy consumers in accordance with the National Energy Objectives and challenge Evoenergy on key issues relating to GN26.”

The ERAP does not represent consumers directly. Evoenergy will also, with advice and guidance from the ERAP, engage with consumers directly on key issues and trade-offs arising during the 2026–31 access arrangement period in relation to price, reliability, safety and quality of services over the longer term.

Members will be expected to provide independent and constructive feedback and challenge based on their expertise and insights on the following:

## Engagement

- Give advice and guidance on framing of engagement with community to best elicit community perspectives, based on experience and observations from other engagement programs.
- Observe community engagement to understand community perspectives to inform a view of the long-term customer interest (1-2 members per session).
- Share with Evoenergy any perspectives on the effectiveness of the community forums to support continuous improvement.
- Advice and guide on framing of engagement with the community to elicit community perspectives, based on experience and observations from other engagement programs

## Regulatory elements

- Give advice and guidance on the relative merits of different approaches available under the regulatory framework in relation to each regulatory element, taking into consideration the long-term interests of consumers.
- Give advice on where the regulatory framework may or may not support an optimal outcome in long term customer interests, and any future alternatives that may be considered.

## Reviewing draft materials

- Reviewing draft commentary prepared by Evoenergy intended for publication which relates to ERAP role in engagement or regulatory element.
- Reviewing content provided by Evoenergy as part of the ERAP meeting pre-read materials.

## Jurisdictional/National Policy

- Give advice and guidance on the optimal approach to the regulatory elements, taking account of the long-term interests of consumers, within the stated policy context.
- Give advice and guidance on the challenges presented under the regulatory framework within the policy context and identify where the regulatory framework may be suboptimal or insufficient to promote the long-term interests of consumers.

## About the members

The members of the ERAP are a team of 5 industry experts advising on and challenging the GN26 Proposal. The ERAP will conduct in-depth analyses of economic regulation matters and customer value trade-offs guiding engagement strategies for the GN26 Proposal.

Members of the panel have been selected based on diversity of interests, skills, gender and demographics including the following:

- Community groups and consumer advocates.
- Business customers.
- Gender representation.
- Environment and sustainability.
- Knowledge of energy sector consumer engagement best practice and research methodology in relation to regulatory submissions.
- Working knowledge of key regulatory topics and requirements of gas distributor's regulatory proposal.
- Experience in tariff reform.
- Other relevant expertise to serve the role of challenging Evoenergy on key elements of the GN26 Proposal.

## Remuneration

Evoenergy will remunerate panel members for their time and costs at the following rates.

ERAP member rate of \$250/hour excluding GST:

- attendance at meetings
- meeting pre-reading and preparation and
- report writing as/if required

Out of pocket expenses will be approved and paid by Evoenergy on submission of relevant receipts.

## Meetings and administrative support

### Meeting schedule

- Panel members will be engaged for the period November 2023 through November 2025 with an option to extend up to (1 year/

May 2026). During that time, it is anticipated that up to ten meetings may be held.

- It is anticipated that the initial schedule of meetings will be one in early December 2023, and one each in February, April and May 2024 (to allow engagement on key issues for the Reference Service Proposal), and meetings in July, September and November 2024 (to allow engagement on key issues for the GN26 Proposal).
- The work schedule post 2024 will be determined.
- The engagement period will commence with Evoenergy's pre-lodgement engagement on the Reference Service Proposal and continue through the pre-lodgement engagement for the GN26 Proposal.

### Meeting format

- We anticipate meetings will be held mostly online with the occasional in person meetings in Canberra.
- Online meetings will be held using Microsoft Teams.
- We expect that members will spend approximately 6-8 hours preparing for ERAP meetings scheduled by Evoenergy (reading provided material, own research, preparation meetings including one on one ERAP meetings or correspondence, in addition to time spent in meetings (approximately 2-4 hours), a total of approximately 12 hours per meeting maximum. The ERAP Chair is expected to spend additional time as outlined in the Terms of Reference.
- We expect that 1-2 members will spend approximately 10 hours maximum (3 hours meeting time and 5 hours preparation, travel, debriefs) attending community forum sessions in person, and 5 hours maximum (3 hours meeting time and 2 hours preparation/debrief) when attending the sessions virtually.
- Additional work where required, will be discussed, and agreed with the Chair and Evoenergy with any additional hours pre-approved by Evoenergy.

### Administrative support

- The frequency and topics for meetings will be determined after the ERAP has been established.
- Unless otherwise agreed by all members of



the ERAP, 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.
- Evoenergy will provide secretariat support to the ERAP.

## Roles and responsibilities

To fulfil the role, as a member of the ERAP:

### **ERAP members will:**

- be prepared to engage constructively and in a professional manner, without advocating any political or partisan interest
- share information and problem solve
- commit to the process – attend all meetings and actively participate in discussion
- collaborate in agenda setting
- have respect for, and patience with, the views and opinions held by other panel members, subject matter experts and the Evoenergy team
- review and consider pre-read material provided to the ERAP and ask questions to ensure understanding of information
- have respect for any information or material that is advised to be confidential
- have respect for the role of facilitators or guest presenters in managing discussions and panel meetings
- support the other panel members in their role.

### **Evoenergy undertakes to:**

- deliver a high level of organisation and logistical support to the work of the ERAP
- provide the ERAP members with appropriate, accurate and timely information
- present the ERAP members with balanced and informed subject matter experts where required
- accurately report the discussion and decisions of the ERAP
- be available to answer questions or concerns of ERAP members

- ensure that all ERAP members are treated equally, fairly and with respect

## Information provision and confidentiality

Confidentiality arrangements may be put in place to ensure that ERAP panel 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 Evoenergy and not use this position in any way for personal gain. Evoenergy acknowledges panel 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 panel member and the interests of a business partner or associate, family member, friend, or person in a close personal relationship with the ERAP panel member.

If an ERAP panel member has a conflict of interest in relation to a particular issue or item of discussion, the panel member should make this position clear to the ERAP Chair.

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

## Publication of information

Outcomes and presentations from the meetings may be published on the Evoenergy website. The information to be published will be discussed and agreed with ERAP panel members.

# Terms of reference

## for Evoenergy's Energy Regulatory Advisory Panel

### Purpose

Evoenergy's Energy Regulatory Advisory Panel (ERAP) has been established to represent the long-term perspectives of our consumers and challenge Evoenergy on key issues relating to the 2026–31 Gas Access Arrangement (GN26 Proposal).

Members have been selected to represent personal and professional diversity of experiences. They are expected to provide independent and constructive feedback based on their expertise and insight during the development of the GN26 Proposal.

The ERAP is expected to form a view on the degree to which Evoenergy's GN26 Proposal addresses the long-term needs and preferences of consumers of natural gas.

The ERAP does not represent consumers per se. Evoenergy will also, in collaboration with the ERAP, engage consumers directly on key issues and trade-offs arising during the development of the GN26 Proposal in relation to price, quality, safety, reliability, security of supply and the achievement of the ACT Government's emissions reductions targets.

The ERAP will assume responsibility for the detailed work on regulatory engagement and will provide updates to the ECRC, informing members of its work and providing opportunities to influence and contribute to regulatory engagement. These Terms of Reference are to be read in conjunction with the ERAP Code of Conduct.

### Functions

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

- Build an in-depth understanding of Evoenergy's business and key features of the ACT's energy sector, to support the provision of considered and informed feedback across all aspects of the GN26 Proposal.
- Work to support Evoenergy's goal to operate in the long-term interest of natural gas consumers with respect to price, quality, safety, reliability, security of supply and the achievement of the ACT Government's emissions reduction targets.
- Feedback and input to the GN26 Consumer and Stakeholder Engagement Strategy including scope of engagement topics and level of engagement for relevant topics, themes and engagement methodology.
- Input into the development of the Reference Service Proposal and GN26 Proposal, by bringing consumer views to key components of

the Proposal and explore potential trade-offs between aspects of the Proposal and the long-term interests of consumers of natural gas.

- Test key aspects of the Reference Service Proposal and GN26 Proposal such as, operating expenditure, capital expenditure, major projects, revenue path profile (including long term asset recovery), form of regulation (price cap, revenue cap or hybrid approach), customer services and experience, approach and support for vulnerable customers and tariff reform.
- Form an independent view on the degree to which the GN26 Proposal addresses the long-term needs and preferences of consumers having regard to the principles in the AER's Better Resets Handbook.

### Deliverables

- Reach an agreed view with Evoenergy on the Panel's work program, appropriate timelines for key deliverables and any other milestones.
- Provide advice on framing and communication of engagement materials to ensure they are accessible and will encourage consumer contributions and can support a diversity of views.
- Participate in reviews of the consumer engagement processes to support continual improvement of the engagement program.
- Attend scheduled meetings and deep dive sessions conducted by Evoenergy on key aspects of the Reference Service Proposal and GN26 Proposal.
- Constructively challenge Evoenergy on key regulatory and engagement issues relating to the Reference Service Proposal and GN26 Proposal.
- Meet as required to develop advice and give verbal updates to Evoenergy Executive and the ECRC at meetings.
- Develop and deliver to Evoenergy, independent reports on the Reference Service Proposal and GN26 Proposal as/if requested by Evoenergy and participate in the engagement process review. The scope of the reports will be agreed by the Panel Chair with Evoenergy nearer to the date they are required.

### Panel Chair

The ERAP has a chair nominated by Evoenergy. The chair is responsible for:

- Overall effective functioning of the ERAP including managing the conduct of meetings and facilitating proper information flow to Evoenergy executive.

- Ensuring that the Panel adheres to the ERAP Code of Conduct.
- Lead discussions with Evoenergy executive on behalf of the ERAP on issues subject to agreement by all ERAP members.
- Endorse the agenda and record of each ERAP meeting.
- We expect that the Chair will spend additional time preparing for meetings scheduled by Evoenergy (agenda setting, reading provided material, observing ECRC meetings, own research, liaising and meeting with ERAP members and so on), approximately 8-9 hours, totaling a maximum of 20 hours. Additional work where required, will be discussed, and agreed with Evoenergy with any additional hours pre-approved by Evoenergy.

## **Amendment, modification or variation**

ERAP Terms of Reference:

- may be amended, modified or varied after consultation and agreement by ERAP Panel members, and upon approval by Evoenergy.
- will be reviewed after 12 months from commencement of the ERAP, or earlier if agreed by the Panel Chair and Evoenergy.





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