



## Overview of New Reg Engagement Approach

There are many early engagement approaches Powerlink is considering as part of its upcoming Revenue Determination process. One potential engagement approach is New Reg.

The New Reg model was developed through a collaborative approach between the AER, Energy Consumers Australia and ENA. Directions and Approach papers on New Reg were released in March 2018. We encourage you to review these documents for more detail on New Reg. (Visit: [www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/consultation-on-the-new-reg-process](http://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/consultation-on-the-new-reg-process).)

The objective of New Reg is that consumers, through a negotiating counterparty, come to an agreement with a network business that the Revenue Proposal reflects consumer perspectives and preferences. The initial outline of the New Reg approach calls for the establishment of a 'Consumer Forum' separate to existing customer/consumer forums established by network businesses. Its function is defined as:

*To be the formal counterparty in negotiation with the network business and to, as far as possible, reach agreement with the network business on the regulatory proposal prior to the submission of the regulatory proposal.*

It is intended that the Consumer Forum be funded by the network business, therefore providing budget for it to commission customer research and represent consumer perspectives.

The New Reg model also seeks to have the AER involved earlier in the process to assist the network and consumers reach an agreement. A formal Memorandum of Understanding is signed between the AER, the network business and the Consumer Forum as part of the governance structure. Adjustments to the initial outline of the New Reg approach can be considered to meet the overall objective and intent regarding a Revenue Proposal reflecting consumer perspectives and preferences.

### Current New Reg Trial

A trial of the New Reg engagement approach is currently underway on the AusNet Services Distribution Revenue Determination process. This trial is still in progress.

The Consumer Forum for the AusNet Services trial had a formal recruitment process, selected through a skills-based approach. They received 120 applications, before selecting five members.

The Customer Forum members published an Interim Engagement Report in February 2019. (A copy of this report is available at [www.ausnetservices.com.au](http://www.ausnetservices.com.au).) The report gives insights into the negotiation approach and reviews key building-blocks of the Revenue Determination process including:

- Opex
- Augmentation Capex
- Replacement Capex
- Customer Experience
- Innovation Expenditure
- DER
- Metering.



A summary of the key steps in the New Reg process is below:

1. Network business submits Early Engagement Plan to AER

2. AER determines whether to accept Early Engagement Plan – may suggest amendments

3. If AER accepts Early Engagement Plan – it commits to being deeply involved in engagement process

4. Establish Consumer Forum through recruitment, induction and education process

5. Network business and Consumer Forum determines engagement scope

6. Implementation of Early Engagement Plan

7. At conclusion of engagement process, parties submit an Engagement Report

8. AER reviews Engagement Report and forms view about Regulatory Proposal

9. AER considers if it is appropriate to expedite or streamline Revenue Determination process