



# Improving our stakeholder engagement

A framework for improving our  
engagement with our stakeholders,  
customers and communities



**Tim Rourke**  
Chief Executive Officer

Dear stakeholder

We recognise that we have an important role in the communities in which we operate by ensuring a security of supply that is delivered safely, cost-effectively and reliably to our customers.

Our commitment to customers extends to the way in which we deliver our services and respond to their changing needs. To do this we must continually improve how we engage and how stakeholder insights are incorporated into planning our networks for the future.

We have looked at areas of our business that hold the most impact and opportunity for stakeholders and designed engagement that seeks to strike a balance.

This balance is about identifying where there are opportunities to involve people in decisions that can have a meaningful difference.

We know that topics like the regulatory reset, tariff reform, bushfire mitigation and emerging technologies are all areas our customers are seeking greater engagement, and we are confident that we can respond to the challenge.

With that, I am pleased to present our Stakeholder Engagement Framework outlining the approach that will guide us in 2017 and onwards. I encourage and look forward to your feedback as we embed engagement across our business.

A handwritten signature in white ink that reads "Tim Rourke".

# Contents

Our Framework	2
Engagement is a strategic priority	4
Benefits of engagement	6
Our guiding principles	8
Understanding our stakeholders	10
Our focus areas	12
Supporting effective engagement	14
How we measure success	16
The knowledge base	17
Contact us	18
About us	19

Driving and embracing change in the energy market is only made possible by listening and bringing together the diverse views of our stakeholders, including customers and the community.

Our approach to stakeholder engagement is designed to ensure that we make better, more sustainable decisions through a process that engenders trust and credibility.

# Our Framework

Our Stakeholder Engagement Framework guides how we will work with stakeholders to deliver safe, affordable and reliable electricity in Victoria.

This Framework aims to:

- Set the foundations for all stakeholder engagement activities across our business
- Provide the context and outline principles, priorities and evaluation measures for why and how we engage
- Outline how we will build our capacity and capability so that we are recognised as an industry leader.

We will review the Framework annually to continuously improve our approach to engagement. The Framework will be updated as necessary to ensure it is aligned to our strategic plans and evolving business and stakeholder needs.

## Scope

Stakeholder engagement needs to be considered in everything we do. From day-to-day operations, network planning, customer service and the way we meet our regulatory requirements.

As such, the Framework identifies our priorities and approach at an organisational level, while providing the basis for all stakeholder engagement across the business.

It provides for engagement about different areas of interest that can and will have a meaningful impact to our business, while also having the flexibility to change based on the needs or feedback of those we are engaging.

Importantly, it guides how we will seek and consider feedback by way of process and as part of our social responsibility.

## Definitions

For the purpose of this Framework, the following definitions apply:

### Stakeholder

Any individual or organisation that affects, or can be affected by CitiPower and Powercor activities. Stakeholders may include customers, regulators, industry associations and partners who have rights, responsibilities or an interest in the business, initiative or project. Throughout the Framework, the term stakeholder encompasses stakeholders and stakeholder groups, customers and community.

### Community

A group of people who have a relationship, affiliation or a shared interest. For example:

- A community of place – a group who is connected by the area they live, work or visit
- A community of interest – a group who has a shared interest, for example renewable energy
- A community of affiliation – a group who has membership of the same group or club, for example members of a sporting club or environment group.

### Engagement

A planned process with the purpose of seeking the views and perspectives of interested or potentially impacted stakeholders and communities, where their input is used to inform decisions, strengthen relationships and build capacity.

### Partnership

A collaborative relationship with a clear and shared sense of purpose involving key stakeholders focused on an agreed outcome. Effective partnerships are based on mutual trust and respect, and these mutually beneficial relationships achieve outcomes that extend beyond what the business can achieve in isolation.

The Framework demonstrates our commitment to engagement at all levels. It ensures stakeholder insights are considered by decision makers at the highest level and in return we report on how insights were used.

# Our commitment

What we do	What this looks like
<p><b>Commit to engagement</b></p>	<p>We are committed to engaging in a way that is meaningful for our stakeholders and business by embedding engagement in everything we do.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Our Stakeholder Engagement Framework</p> </div> <div style="text-align: center;">  <p>Our social responsibility</p> </div> <div style="text-align: center;">  <p>Engagement is led from the top</p> </div> </div>
<p><b>Think strategically</b></p>	<p>We seek out stakeholders, their diverse views and feedback on our services, projects and programs.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Rigorous identification process</p> </div> <div style="text-align: center;">  <p>Stakeholder mapping</p> </div> <div style="text-align: center;">  <p>Gain insights</p> </div> </div>
<p><b>Build a knowledge base</b></p>	<p>We use expert advisors, panels and representatives to stay across key issues, opportunities and the changing needs of stakeholders.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Internal Stakeholder Engagement Forum</p> </div> <div style="text-align: center;">  <p>External Customer Consultative Committee</p> </div> <div style="text-align: center;">  <p>External sub-committees or industry panels</p> </div> </div>
<p><b>Engage</b></p>	<p>We follow agreed principles to ensure our stakeholders are heard, using a range of different engagement activities to elicit feedback.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Forums</p> </div> <div style="text-align: center;">  <p>Information sessions</p> </div> <div style="text-align: center;">  <p>Meetings</p> </div> <div style="text-align: center;">  <p>Workshops</p> </div> <div style="text-align: center;">  <p>Focus groups</p> </div> <div style="text-align: center;">  <p>Surveys</p> </div> <div style="text-align: center;">  <p>Interviews</p> </div> </div>
<p><b>Review and report</b></p>	<p>We review the outcomes of engagement, measure effectiveness, govern the process and evaluate lessons learnt. We report outcomes to our stakeholders, and continually update them on our progress against stated objectives.</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Leadership team reviews insights and takes action</p> </div> <div style="text-align: center;">  <p>Evaluation of engagement process and lesson learnt</p> </div> <div style="text-align: center;">  <p>Transparent reporting to our stakeholders</p> </div> </div>

# Engagement is a strategic priority

In today's highly interconnected world, we operate within a complex network of influence. To be successful we must recognise the different views and experiences of others.

Engagement enables us to better respond to the changing energy sector and positions us to influence long term outcomes. It adds value to our business as it enables us to understand the views of our stakeholders and use this input to develop, define and deliver better outcomes for those involved.

For this to be realised we recognise that engagement must be embedded within the culture and core functions of our business. As such, it is a strategic pillar of our business strategy.

## Improving stakeholder engagement is a strategic priority for our business, because it allows us to:

### Anticipate and respond to customers' changing needs and requirements

The energy market is changing. Advancements in technology, innovation, increasing regulation, customer choice for energy consumption and generation mean that we need to be connected with our stakeholders and agile in our response.

Through engagement we can better understand our stakeholders, customers and communities, providing us with powerful insights to drive change in our business and the energy industry.

The success of our engagement will be determined by our ability to:

- Support customers in their energy choices to better meet their needs
- Demonstrate our value in the supply chain
- Provide energy and home solutions outside of our normal operations
- Incorporate data and insights into our planning processes.

### Maintain our social licence to operate

Our business and the way we operate impacts the communities in which we work. Our social licence, that is the ongoing approval of the community to continue our operations, is dependent on how we engage the community and the positive outcomes we deliver.

We strengthen our social licence to operate through:

- Transparency in decision making and our operations
- Acting with honesty and integrity, particularly when things go wrong
- Our commitment to keeping people informed and to genuine engagement.

As a regulated monopoly our social licence is our responsibility back to the stakeholders who entrust us with fulfilling the long term interests of our customers, as well as meeting the needs of the those customers and communities that we service.

### Drive the right regulatory and policy outcomes as the energy market continues to evolve

We work in a highly regulated environment that requires ongoing engagement with regulators. Good engagement provides a seat at the table in important conversations about our industry, policies and regulatory processes, like revenue determination and tariff reform. Our leadership in these areas means we are more likely to shape policy outcomes and drive the right regulatory changes.

# Benefits of engagement

Good engagement benefits our customers, stakeholders, the wider community and our business. When engaged in a genuine two-way conversation we can learn from each other, enabling us to make better decisions and work towards mutually beneficial outcomes.

Ultimately, better engagement builds stronger relationships and gives us greater opportunity to achieve our business objectives. The earlier stakeholders are engaged, the more likely these benefits are to be realised.

For our business, engagement provides insights by tapping into specialist or local knowledge and gives us the opportunity to 'road-test' proposals or initiatives with stakeholders. It helps us identify emerging issues and risks and is central to us meeting our statutory obligations and better meeting customer needs.

For our stakeholders, engagement provides opportunities to contribute to projects and programs, have their issues heard and participate in the decision-making process. It gives them better understanding of our priorities, increased ownership of outcomes and greater capacity to engage in the future.

## Benefits for our stakeholders

- ✓ Greater confidence in the delivery of our services, projects and programs
- ✓ Understanding of our priorities for managing and investing in the network and programs
- ✓ Early notification of upcoming works, projects and programs that could have an impact
- ✓ More time to plan ahead for possible changes to our network, services, projects or programs
- ✓ Increased ownership of outcomes
- ✓ Greater capacity to engage in the energy future
- ✓ Ability to exercise rights when it comes to new projects or programs we plan to deliver
- ✓ Opportunity to discuss the changing needs of customers or how they relate to our services
- ✓ Access to people who can resolve issues or respond to requests for information about our network
- ✓ Understanding of how we give back to communities through grants and partnerships

## Benefits for our business

- ✓ Stronger relationships that we can rely on in the good times and the bad
- ✓ Feedback contributes to improving the efficiency and effectiveness of our service delivery
- ✓ More sustainable and better long term outcomes
- ✓ Sharing of information that builds awareness for changes to our operations or projects and programs we plan to deliver
- ✓ Builds our social capital in the communities in which we operate
- ✓ Easier identification of emerging issues and risks in our operating environment
- ✓ Better informed regulatory proposals to fulfill our statutory obligations
- ✓ Greater staff exposure to engagement so it changes our culture
- ✓ Ability to influence decisions, policy and reforms in the energy industry

# Our guiding principles

Drawing on our values and recognised industry best practice, we have developed the following principles to guide how we will engage with our stakeholders.

## Accessible

We provide a range of ways for stakeholders to be engaged and provide input, always looking for innovative ways to encourage participation. We respect the ways in which stakeholders prefer to be engaged and do our best to ensure our engagement is accessible and allows adequate time for involvement.

## Inclusive

We listen to a range of voices, including the hard to reach and not just the 'usual suspects'. Where required, we adjust our approach to remove barriers to participation and make sure those affected by a decision or project can participate in a meaningful way.

## **Measurable**

We agree outcomes upfront and hold ourselves accountable for achieving them. The success of our engagement activities are measured during and after engagement processes, and we continually improve our approach by evaluating feedback. We report on the effectiveness of engagement to our executive and shareholders.

## **Transparent**

We share our knowledge, are honest about the rationale behind our approach and ensure the engagement process is open and clear. We will always 'close the loop' with our stakeholders, thanking them for their participation, replaying what we have heard, and explaining how their input has been used.

# Understanding our stakeholders

Our stakeholders are broad and wide-reaching, bringing diverse views to the way we supply energy. Understanding these stakeholders and their interests is important to meaningful engagement.

We identify and prioritise stakeholders based on the impact and their level of interest and influence as part of the planning process.

In some cases, a stakeholder group may be more impacted than others by a decision or a project, so we design engagement to ensure their needs are met while not forgetting there is a broader group of stakeholders to consider.

Our customers, for example, are central to our business and their needs are present in all decision making. We take care in understanding how they store, use and generate energy, as well as what they value most about it.

This commitment to knowing our customers is demonstrated in our strong track record in respect to safety, reliability, cost efficiency and customer satisfaction.

Beyond our customers are the communities they live in and the other stakeholders we work with. The stakeholder wheel (opposite) identifies stakeholders and provides a starting point for understanding their interests. Some stakeholders, like governments and consumer advocates, also engage on behalf of customers to drive better outcomes.

## Our stakeholders and their interests



# Our focus areas

We have a clear and visible plan to mature our approach to stakeholder engagement. With input from internal and external stakeholders, we have identified the following areas to focus our efforts.

## 1 Strategic stakeholder management

Identifying our stakeholders and understanding their needs is the first step in acknowledging the role they play in our business. We have identified key stakeholders based on:

- Core relationships that can have a material impact on our business
- Those that have the ability to impact other priority stakeholders
- Role and influence in the energy market.

We acknowledge that through our relationships we can focus our strategic stakeholder management issues that are important to our business and our industry, including:

- Regulatory reset and outcomes
- Tariff reform
- Pricing and bill transparency
- Bushfire mitigation.

Issues present in our industry and identified by our stakeholders are monitored and evaluated on an ongoing basis to assess their materiality to our business and customers.

### What we will do:

- Develop Stakeholder Management Plans for each of our key stakeholders
- Establish an internal and cross-functional collaborative group, the Stakeholder Engagement Forum, to co-create our position on core issues and the way we manage them through our key stakeholders
- Map, define and position stakeholders and issues
- Register all stakeholder interactions and share insights with the business through regular reporting.

## 2 Community consultation on projects and programs

Community consultation is central to the success of our projects and programs, and has a significant impact on our longstanding relationships with stakeholders and the communities in which we operate. To ensure we get the right outcomes we firstly define the level of impact and how we can engage with those most affected to deliver a good outcome.

We provide dedicated consultation support for significant or sensitive projects or programs, with a focus on building capability and capacity.

These projects can include upgrades or augmentation of our network, easements, planned outages that could impact many customers, or the installation of innovative technology to support our network for the future.

### What we will do:

- Prepare engagement plans for major projects or programs that seek community input where it is meaningful to decision making
- Provide and govern guidelines and tools for engagement about projects and programs
- Embed dedicated engagement resources into our major programs and projects
- Share community insights and engagement reports with the business.

### 3 Regulatory Reset and tariff reform

The regulatory process for revenue determination and tariff reform takes place every five years. Planning has commenced for our 2021–2025 proposal and seeks to deepen the conversation through a deliberative consultation approach. This process determines the revenue we can earn to run our business and invest in our network, therefore it is important that we involve stakeholders to ensure our investment proposals meet their needs.

We are broadening the scope of engagement as we recognise the opportunity to work with our stakeholders to understand how we can harness the best technologies, service models and new energy paradigms to improve the lives of the communities we serve.

Recognising the different needs and diverse views of our customers will be the first step in ensuring our regulatory proposals reflect the changing energy sector and a new energy mix.

#### What we will do:

- Undertake research to understand the changing needs and wants of our stakeholders and customers
- Engage our Customer Consultative Committee and independent experts to discuss our approach to engagement and the outcomes
- Consult customers, community and stakeholders about our future directions, priorities and tariffs
- Deliver a regulatory submission for the 2021–2025 regulatory control period that considers stakeholder and community feedback.

### 4 Insights program

Underpinning all focus areas and engagement activities across the business is our insights program.

We recognise that there is a wealth of information available – from industry, from stakeholders and from our customers. This program seeks to extend on the present state of knowledge and identify gaps for improving our understanding of stakeholders and their preferences.

By combining existing studies, with customer feedback and formal research, we will develop powerful insights to help us identify potential issues and deliver better engagement.

#### What we will do:

- Consolidate key research findings from stakeholder management, regulatory reset and community consultation into a bank of insights that will be shared with the business
- Consult, capture and analyse feedback from our Customer Consultative Committee and customer advocacy groups, industry associations and other stakeholders
- Develop key indicators from the research on stakeholders' confidence, satisfaction and awareness of our business and projects.

# Supporting effective engagement

Putting our Framework into practice means ensuring our approach to engagement is understood and used consistently across the business.

## We draw on a range of mechanisms to engage our stakeholders and the community, including:

- Consultation with established reference groups and stakeholders, both internal and external
- Targeted consultation with representative groups or individuals
- Processes to invite and receive public comment
- Research and an exploratory insights program through surveys, focus groups and meetings.

The way we use these mechanisms varies according to the nature of the project or program and the preferences of the stakeholders involved. In all cases, the process is simple.

## Practical tools

To meet our commitment to engagement, we provide practical tools and guides for the business, including:

- Engagement planning handbook – how to plan for stakeholder and community engagement
- Stakeholder analysis tool – identifying and analysing stakeholders
- Social and reputational risk assessments – assessing the level of risk for a project or program
- Engagement evaluation metrics – developing performance measures tied to engagement objectives
- Engagement plan template – a template for preparing an engagement plan that meets the requirements of the Framework
- Stakeholder database – a centralised tool to capture and align stakeholder activities
- Engagement training – building the capacity of our staff and contractors to plan and implement effective engagement.

These guidelines, tools and templates are managed and governed by Corporate Affairs.

## Our process for effective stakeholder engagement



# How we measure success

The effectiveness of our engagement will ultimately be determined by the relationships we hold with our customers, stakeholders and the communities we operate within.

We have defined successful engagement based on three performance areas:

## 1. Developing our capability

The Framework is embedded across the organisation, there is business ownership of stakeholder engagement and we have enabled and empowered our people to deliver great engagement.

Our culture and decision making processes support engagement and acknowledge its importance.

## 2. Building stronger relationships

We have aligned our stakeholder activities and there is clear evidence that we have built stronger relationships and trust with our stakeholders.

## 3. Increasing our influence

We are recognised as leaders in stakeholder engagement and have demonstrated our ability to influence outcomes that add most value to our organisation and are in the long term interests of our stakeholders.

We actively measure our success in these areas and share our results with the business and stakeholders.

We have done so through a range of mechanisms at the business and local level:

### About the business

The success of our stakeholder engagement is monitored based on social and reputational risk. We assess the gap between stakeholder perceptions, beliefs and expectations and our ability to meet them.

#### We will measure:

- Perceptions of, and confidence in, our business
- A level of awareness about our business and the role we play in the energy market
- Sentiment towards our business and our activities.

### Local context

The success of project-specific engagement is based on an assessment of the objectives agreed prior to commencing engagement.

#### We will measure:

- The extent to which the objectives have been met
- Degree of satisfaction with the engagement process
- Levels of awareness of the project or program that we are engaging about
- Levels of support for the outcome as a result of engagement.

# The knowledge base

## We drew on existing knowledge and engagement practices to design our Framework.

**In preparing the Framework we used the consultative process outlined in this document, ensuring we acknowledged past engagements and consulted those who we engage with on a regular basis.**

We also collaborated with our internal stakeholders to deliver a Framework that met the needs of our projects, while seeking to improve the capabilities of our business.

We acknowledge the prior work and depth of study into engagement practices by:

- Consumer Engagement Guideline for Network Service Providers, Australian Energy Regulator
- Customer Engagement Handbook, Energy Networks Australia
- Better Practice Guide for Public Participation, Victorian Auditor-General's Office
- Public Participation Spectrum, International Association for Public Participation
- Engagement Triangle, Capire Consulting Group.

The existing knowledge base is complemented by consultation with key stakeholders. Using our own Framework for engagement we sought feedback over a series of workshops and meetings.

We thank Energy Consumers Australia, Energy Networks Australia, our Customer Consultative Committee and the Australian Energy Regulator for their valuable time discussing engagement and our Framework.

We also acknowledge the hard work, commitment and input from the CitiPower and Powercor team in preparing this Framework and supporting the vision for improved stakeholder engagement.

### Statement from our independent peer reviewers

CitiPower and Powercor invited Newgate Communications to review its draft Stakeholder Engagement Framework, to provide feedback and to ensure it meets industry standards.

In undertaking this review, we met with CitiPower and Powercor to understand the process for developing the draft and to ask questions about their proposed direction and internal processes to support that direction. CitiPower and Powercor provided several background documents for our consideration. Following these meetings, and a thorough review of the relevant materials, we provided a number of recommendations. These have been incorporated into the final draft of the Framework.

We acknowledge there is no one right way to engage with stakeholders, however the principles of working constructively with stakeholders are clearly demonstrated in this framework. It appropriately seeks to place the customer at the heart of the business and reflects a genuine desire to incorporate stakeholder feedback into decision making.

We wish CitiPower and Powercor all the best as they implement their comprehensive engagement programs.

# Contact us

Consultation on our Framework continues as our stakeholder engagement capabilities grow and we continue to adapt to the changing energy market.

Feedback on the Framework and its application is encouraged and we welcome input to:

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# About us

CitiPower and Powercor are the most efficient and reliable urban and rural electricity distribution networks in Victoria, respectively. We are two of Victoria's five privately owned electricity distributors.

We own and manage the 'poles and wires' that deliver electricity to nearly 1.1 million homes and businesses in Victoria, servicing a population of 1.96 million, with responsibility for the quality and reliability of electricity delivered to customers within these networks.

Delivering a safe and reliable electricity supply underpins economic development and prosperity. Our business makes a substantial contribution to the state's economic development, powering existing businesses and growth across the communities in which we operate.

We employ more than 1,900 people in 13 offices and depots in Melbourne and across central and western Victoria – in many areas we are a major employer creating jobs for people who want to live and work in regional Victoria.

## Our role

We deliver residential, commercial and industrial customers a safe and reliable electricity supply, and are responsible for:

- Maintaining and replacing network infrastructure to ensure reliability
- Investing in the network to support capacity growth
- Improving the resilience of the network to protect against extreme weather events
- Connecting small and large-scale distributed generation to the network
- Operating the network on a day-to-day basis including all fault restoration
- Connecting new customers to the network
- Maintaining the public lighting system
- Recording and providing meter data to retailers.

## Our values

Our six values underpin everything we do, every day. They give even greater focus to understanding and supporting our customers, doing what is right and helping our people and our business strive for excellence in everything we do.

1. Live safely
2. Make it easy for your customer
3. Succeed together
4. Be community minded
5. Be the best you can be
6. Drive and embrace change.

