

# SA Power Networks Stakeholder Engagement Strategy 2016–2020



A strategy to guide ongoing and effective engagement with key stakeholders to support the delivery of energy services that stakeholders and customers value



# Overview

SA Power Networks is the sole distribution network service provider in South Australia. The business is facing significant challenges over the 2016–2020 period and beyond, including regulatory, technological, consumer and industry changes.

SA Power Networks is committed to working with our stakeholders to understand their needs and deliver services that they value. We believe our relationship with our stakeholders, and our willingness to engage with our stakeholders and listen and respond to their needs, is fundamental to achieving balanced outcomes for customers, the community, our employees and owners.

We undertake a range of structured engagement activities and programs. Engagement also occurs on a daily basis on a wide range of issues and with a broad range of stakeholders. In the latter case, a typical example is preparing for planned outages or dealing with stakeholder needs during weather related service events.

The principles of engagement outlined in this strategy are universal, but based on the issue, the level of engagement, governance and process, and how we engage with stakeholders will vary. We also recognise that stakeholder engagement is an evolving process and that our approach will continue to mature as we learn and build on our engagement programs.

# Strategy purpose

This strategy reflects our commitment to continue to work with our stakeholders, build on past engagement experiences and continue to embed effective stakeholder engagement practices across the business. It also reflects our intent to implement a more strategic and tailored approach to how we engage with our stakeholders.

Sustaining and building relationships and trust is vital to the ongoing sustainability of the business. Trust will only grow if we continue our shift from an ‘inside out’ approach to an ‘outside in’ approach that ensures we truly understand and respond to what our stakeholders and customers value.

## Strategy objectives and principles

The overall objective of the strategy is to improve how we engage with our stakeholders and ensure their needs are considered in our decision-making.

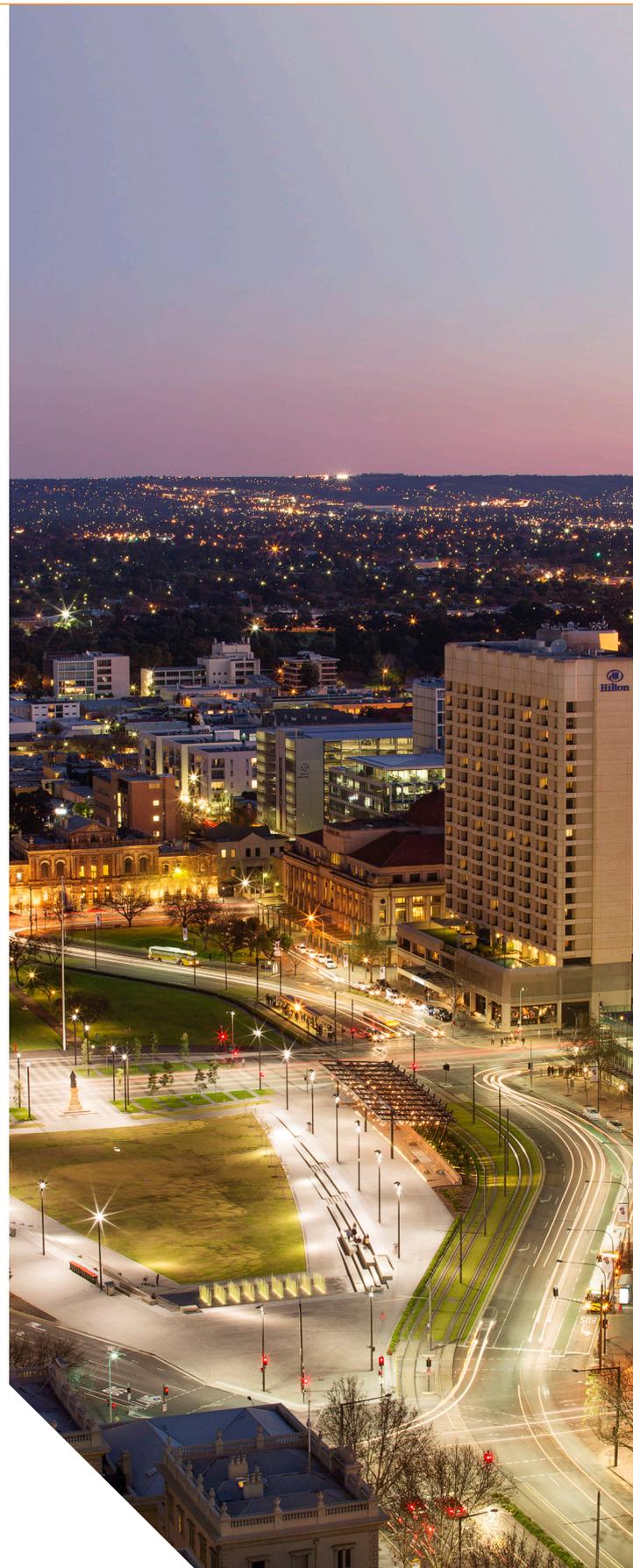
Our underlying intent is to:

- Support sustainability of our business in the long-term
- Help us meet changing customer and community expectations
- Underpin an improved relationship with stakeholders and consumers
- Ensure we meet best-practice engagement and show leadership in the industry.

The key principles that will guide our engagements are:

<b>Best practice</b>	Follow regulatory and good practice guidelines and show leadership in the industry in stakeholder engagement
<b>Inclusive</b>	Be inclusive, inviting stakeholders’ views where appropriate on the design of our engagement to promote accessibility
<b>Informing</b>	Inform our stakeholders via open, clear, relevant and timely communication
<b>Transparency</b>	Be transparent, clearly outlining what stakeholders can expect from us and how their feedback will be taken into account
<b>Listening</b>	Listen to and seek to understand our stakeholders’ views and concerns
<b>Responsive</b>	Consider and respond to concerns, providing prompt and clear feedback
<b>Consistent</b>	A proactive, coordinated and consistent approach to engagement across the business
<b>Targeted</b>	Engage early and ensure engagement is prioritised and tailored to specific issues and projects
<b>Measureable</b>	Measure the success of engagement and apply learnings in designing and developing future engagement

The key principles are universal to all types of engagement undertaken by SA Power Networks and should be used to guide all engagement activities across the business, from informing strategic corporate decision making on matters such as pricing, to delivery of major projects, vegetation management, and emergency event response.



# Our stakeholders

We operate in a complex and challenging environment and with a broad and diverse range of stakeholders across the State.

A stakeholder is anyone who has an interest in our activities, whether they are an individual or a representative of a group or organisation, and includes people who are affected by our decisions as well as people who may influence our decisions. Each stakeholder or stakeholder group forms its own view of SA Power Networks, based on perceived performance against their individual or organisation's expectations.

While there are many drivers of reputation, research shows that the most important in terms of network providers are network and service performance. Stakeholder engagement helps to build confidence and trust in our business planning and performance, which improves our alignment with stakeholders' expectations. This has a positive impact on our reputation in the community.

## Stakeholder identification

Stakeholder identification is required to understand our stakeholders and their current and long term views and expectations. Ensuring the considered identification of our stakeholders prior to engaging on a strategic issue or major project provides greater confidence in the inclusiveness and completeness of engagement processes.

A formal process for stakeholder identification and mapping, capturing (when appropriate) a broader range of stakeholder characteristics, will provide SA Power Networks and its stakeholders with greater confidence in the inclusiveness and completeness of engagement processes, and support consistency through the establishment of a robust and defensible process.



# Our engagement priorities for 2016–2020

Based on our understanding of the key challenges facing SA Power Networks a number of topics have been identified as priority areas for engagement over the next five years.

These include:

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**Pricing and affordability** (eg. delivering electricity at the lowest sustainable cost, reducing cross subsidies between customer segments and holding network expenditure in check whilst maintaining reliability).

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**Tariff reform** (delivering an effective transition to cost-reflective tariffs as required by policy makers).

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**Metering** (facilitating a smooth transition to competitive metering from December 2017).

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**The emergence of new energy technologies** eg. batteries, off-grid opportunities (supporting customer choice in the energy services and technology they wish to use).

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**Public lighting** (facilitating a cost effective transition to lower emission LED street lighting).

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**Vegetation management** (continuing to improve outcomes for the community as well as meeting legislated clearance requirements).

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**The 2020–2025 Regulatory Proposal** (focused engagement with stakeholders to inform our proposal).

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**Major infrastructure projects** (eg. replacement of the Kangaroo Island undersea cable).

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**Improving customer experience** (understanding what customers want and value and developing a ‘frictionless’ experience for customers).

Identifying the level of engagement required for a particular stakeholder and/or issue is important. For example, pricing is of high importance to all stakeholders and therefore this topic warrants engagement to ensure a range of voices and opinions are considered and heard. Other issues might only be of importance to a particular industry or stakeholder and, whilst engaging with this stakeholder will be crucial, it will be more targeted and specific to that particular stakeholder’s needs.

There are a number of existing and emerging stakeholder groups with specific needs where a more targeted approach to engagement is required, and where there are opportunities to work more collaboratively to develop effective partnerships.

This includes working with the following key stakeholders or stakeholder groups:

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**Businesses, particularly large business** – understanding their needs and the ability to service their needs.

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**Solar industry and renewables**, lobby groups and peak organisations to explore opportunities concerning tariff reform and new technology.

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**Vulnerable customer groups**, including small business and life support customers, in relation to quality of supply, pricing and tariff reform.

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**Local Government** regarding public lighting and vegetation management.

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**The ENA** as the national peak body representing network service providers and the role they play on specific industry issues, for example in relation to pricing, stakeholder engagement, vegetation management and asset management.

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**Energy Consumers Australia (ECA)** and their role in promoting the long-term interest of energy consumers.





## Initiatives and key actions

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A range of initiatives have been identified to support the delivery of the strategy and build our capability in stakeholder engagement across the business.

The initiatives include:

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A revamp of our formal customer engagement panel structure.

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Improvements to ensure appropriate systems and processes are in place to support stakeholder engagement programs.

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Information improvements to ensure we understand our stakeholders needs and the information provided to stakeholders is easy to access and understand.

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Developing a culture amongst our employees where customer and stakeholder needs are embedded in our decision-making.

## Monitoring and review

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We believe we can continuously learn from and improve our stakeholder engagement. Evaluation and review are fundamental to improvement. While we have applied appropriate measurement for some discrete aspects of our stakeholder activity, we will work to develop more and improved key indicators to measure our ongoing performance and ensure our engagement activity meets expectations and is of value to stakeholders.

Benchmarking and understanding what constitutes good or effective stakeholder engagement is another important component of monitoring and review. We will continue to learn from what other organisations are doing both interstate or internationally, as well as to learn from engagement activities that we undertake.

# Case Study

## How stakeholder engagement influences our outcomes

### Engagement with Councils and landowners to improve vegetation management

### Background

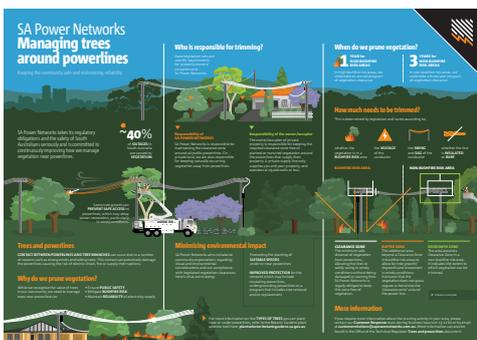
SA Power Networks has a regulatory obligation to inspect and clear vegetation from around powerlines at regular intervals, not exceeding three years. The key drivers for managing trees near powerlines are bushfire risk mitigation, maintaining reliability of electricity supply and ensuring public safety.

Vegetation management practices have, at times, resulted in complaints from Councils and the community in relation to the visual impact of pruning activities when the clearance distances are applied as defined under the legislation. SA Power Networks has adopted a consultative approach with Councils over the past two years to improve outcomes to address community concerns while meeting our legislated obligations.

A number of key engagement initiatives were developed to improve our approach and move from a 'tree trimming' to a 'vegetation management' approach.

### Engagement approach

Action	Description/approach
<b>Stakeholder engagement</b>	
Stakeholder Engagement Strategy	<ul style="list-style-type: none"> <li>Developed strategy to define stakeholders, issues, accountabilities and proposed method of engagement.</li> </ul>
LGA Working Group	<ul style="list-style-type: none"> <li>Established Working Group with the LGA and member Councils in November 2013 to improve how we manage vegetation near powerlines and develop a long-term plan for implementation.</li> </ul>
Arborist Reference Group	<ul style="list-style-type: none"> <li>An independent group established in January 2014 to provide horticultural and arboricultural expertise on strategic vegetation management initiatives.</li> </ul>
Local Government Forum	<ul style="list-style-type: none"> <li>Annual forums held to bring local government together and discuss key vegetation management issues.</li> <li>Forums held in December 2013, September 2014 and March 2016.</li> </ul>
Regional Council Presentations	<ul style="list-style-type: none"> <li>Program of presentations to Regional Council Groups to provide overview of strategic vegetation management (2013 and 2014) and proposed long term approach to improve vegetation management near powerlines.</li> <li>Update presentation being offered to all Regional Council Groups in 2016.</li> </ul>
Vegetation management information collateral	<ul style="list-style-type: none"> <li>Developed range of community education material to improve education and community awareness.</li> <li>Banner, poster, brochure, dedicated webpage and an animated video.</li> </ul>
Pre and post vegetation clearance survey	<ul style="list-style-type: none"> <li>Developed and distributed surveys to Councils and a random sample of residents/ landowners.</li> <li>Feedback will inform continuous improvement/contractor feedback and inform development of KPIs.</li> </ul>



Vegetation management information collateral



Pre and post clearance vegetation survey

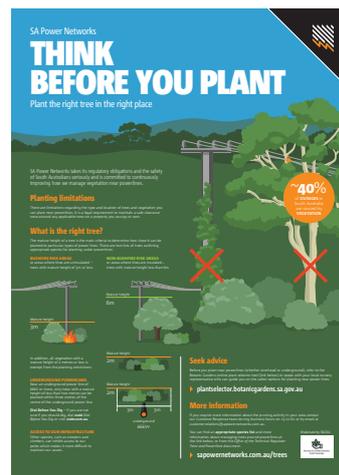
## Engagement approach

Action	Description/approach
<b>Strategy and policy development</b>	
<b>Vegetation Management Strategy – Directions for Vegetation Management</b>	<ul style="list-style-type: none"> <li>Developed long-term plan to move from tree trimming to vegetation management approach via a range of strategic initiatives.</li> <li>Council consultation.</li> <li>LGA Board endorsed.</li> </ul>
<b>Protocol for vegetation management near powerlines</b>	<ul style="list-style-type: none"> <li>Developed protocol to outline responsibilities, provide guidance and outline alternatives to pruning.</li> <li>Council consultation – seven information and feedback sessions.</li> <li>LGA Board endorsed draft and final.</li> </ul>
<b>Appropriate species section</b>	<ul style="list-style-type: none"> <li>Worked with Botanic Gardens of SA to update plant selector. database to include about 800 trees or plants considered appropriate for planting under or near powerlines. <a href="http://plantselector.botanicgardens.sa.gov.au/">http://plantselector.botanicgardens.sa.gov.au/</a></li> <li>In collaboration with the Nursery Industry of SA, developed a “Right Tree, Wrong Place” poster to encourage more appropriate species selection.</li> </ul>
<b>Consultation approach</b>	<ul style="list-style-type: none"> <li>Developed a consultation and engagement approach with Councils to improve outcomes and develop partnerships.</li> <li>Key objective is to provide adequate lead-in time (3-12 months) to allow Councils to budget for additional works or partnership opportunities.</li> </ul>

## Key engagement learnings

A number of key learnings can be taken from the approach taken to improve how we engage with Councils to improve vegetation management outcomes. These include:

- The need for early and ongoing engagement to deliver better outcomes.
- Developing clear strategic goals and a long-term vision with stakeholders.
- Establishing formal groups (LGA Working Group, Arborist Reference Group) to provide input into strategic initiatives.
- Regular engagement to develop relationships and involving Councils in developing solutions eg. annual Local Government Forums.
- The value of developing partnerships with Local Government and collaborating to improve vegetation management
- The value of accessing ideas and views not only from representative bodies, but directly from stakeholders they represent who may have specific needs.



“Right Tree, Wrong Place” information poster to encourage more appropriate species selection



Protocol for vegetation management near powerlines

