



Strategic Plan

2021-2024

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From the Chair

This strategic plan has been created at an important point for Energy Consumers Australia and a critical moment in the history of Australia's energy system.

Across its first six years, Energy Consumers Australia has become an influential and evidence-based voice for residential and small business consumers, representing their interests and helping to shape the nation's energy system for their benefit.

What we do matters because the voices of consumers are particularly needed in this moment, to inform and influence an energy market that is undergoing dramatic transition. The transition we are all part of involves moving from a carbon intensive energy system to one that is net zero in terms of carbon emissions. From a system primarily powered by a small number of large generators to one that must make room for many smaller ones, distributed across our communities and our nation.

Like others who are charged with pursuing good outcomes for consumers in this market we work in the now – collaboratively

tackling the challenges that face our current system. This involves engaging with multiple processes – from rule changes and revenue determinations to policy creation and implementation – making sure that consumers and their interests are represented and are prominent.

At the same time, we must also ensure our activities set us up for the future we are rapidly moving towards. Solar panels are at work atop three million Australian homes, a figure that is projected to double over the next decade. Growing numbers of consumers are installing battery storage and electric vehicle uptake is beginning to increase. All consumers have hot water systems that can play a significant part in balancing the system and eventually the internet of things will help drive simpler decision-making and automation in many Australian households. These are enormous transformative changes: renewable generation, demand reduction and storage will be everywhere and contributing to a sustainable future in which electricity is affordable, abundant and clean.

If we get it right, this transition will take us from a 'top-down' centralised electricity system to one that is also more decentralised, more community-based, and more responsive to the needs and voices of consumers (as both users and producers). This future system should also be more resilient, featuring many local 'independent' trading systems networked into a bigger whole – better able to withstand or recover from disastrous events.

There is no guarantee, however, that this transition will 'just happen'. It is already clear that consumers' sense of the change that is underway sometimes differs from the understanding of other system participants. The things many everyday Australians need and want to do are not always the starting point for reform. That's why this document, our first 3-year strategic plan, arrives at such a key point.

This moment is one of both risk and opportunity. There is one possible path before us that encourages Australian households and small businesses to invest in the system – both economically and in other ways – but then seeks to control and limit their aspirations and behaviour without securing their endorsement. Thankfully, there is another path.

At Energy Consumers Australia we say that people are the system. They are indivisible from it and their interests – affordability, security, control of their assets and reduction of emissions – should be seen as the system's.

This context is a challenging one for all of us involved in making and shaping decisions about the energy future. Energy Consumers Australia's role is to engage with consumers and small businesses – respecting the diversity of their views and an inclusive commitment to leaving no one behind. At the same time, we work willingly with the system's decision-

makers, operators and rule framers to make sure consumer viewpoints are 'front and centre' in their considerations.

In 2020, a strategic review of Energy Consumers Australia carried out by KPMG on behalf of energy ministers, reported a high-performing organisation successfully carrying out the requirements listed in its Constitution. It also identified new areas for focus given the extent to which the operating environment – Australia's energy system – had already changed during Energy Consumers Australia's short lifespan.

This strategic plan builds upon our deep engagement with consumers, stakeholders and reform processes across our initial six years of operation:

- To set a new mission and purpose that will support and explain the work we do.
- To offer a vision that looks forward from the current energy landscape to a preferred future energy system that better meets consumer needs.
- To establish the priorities that will drive our work for the next three years, so that we focus on high-impact, high-value activities.
- To deliver a performance framework that outlines the activities we will carry out in pursuit of our mission and purpose and the ways in which we will measure our impact.

The change we advocate for is one underpinned by a shared vision. It cannot be imposed or mandated, by us or by anybody else. It must be built from the ground up, based on evidence and research, listening and coalition building, co-creating and collaborating.

This document sets out how we will do this -- the objectives and activities that will drive our organisation throughout the next phase of its work. On behalf of the Board of Energy Consumers Australia I am delighted to share it with you.

Louise Sylvan
Chair
Energy Consumers Australia



Our Strategy at a Glance

Vision

Consumer values, expectations and needs are realised through a modern, flexible and resilient energy system.

Mission

We research and understand consumer expectations, values and needs. We proactively shape a vision for the future, set priorities, influence and work with others to drive change across the energy system to benefit consumers.

Purpose

To influence the shape of the energy system now and in the future by creating a trusted and influential voice for residential and small business consumers.

Values

- We are independent - we are rigorous and inquisitive in challenging the status quo
- We are evidence based - what we think, say and do is supported by research
- We work collaboratively - we are inclusive in our engagement and open in our communications.

Impact

- Affordable energy for households and small businesses
- Individualised energy services that give consumers choice and control
- Modern, flexible and resilient energy system.

1. About Energy Consumers Australia

Energy Consumers Australia is the independent, national voice for residential and small business energy consumers, established in 2015 by the Council of Australian Governments' Energy Council.

Through our advocacy we bring about changes in policy, legislative and regulatory frameworks and industry business models, practice and behaviours for the benefit of people using electricity and gas in their homes and small businesses.

We are informed by, and speak to, the long-term interests of the more than 9 million households and 1 million small businesses who use energy, or who generate or store electricity (either individually or through "sharing economy" models such as community solar and neighbourhood storage).

Governments are actively pursuing a program of reforms, and consideration of market design, to ensure the future energy system meets community and consumer expectations, including working together as the Energy Council to achieve progress on the Strategic Energy Plan.

In developing this document and the priorities that fall under it we focus on those areas where Energy Consumers Australia can actively contribute to achieving outcomes that benefit households and small businesses.

Energy Consumers Australia's remit is the whole of the energy system*, which we see as made up of the three interconnected systems of energy supply, energy demand and consumer behaviour [Box 1]. Given that the energy system itself is also impacted by broader societal and economic trends and policy settings, Energy Consumers Australia's remit also extends to the implications for energy consumers of

other transitions underway, including in transport, heating, energy efficiency in housing and appliances, smart technologies and consumer protection, including consumers in vulnerable circumstances.

Our stakeholders in the energy system, nationally and across all States and Territories, include:

- consumers, communities and advocacy organisations
- governments, policy-makers and advisers
- rule makers and regulators
- the system and market operator
- complaints, dispute resolution bodies and consumer protection bodies
- industry and industry associations.

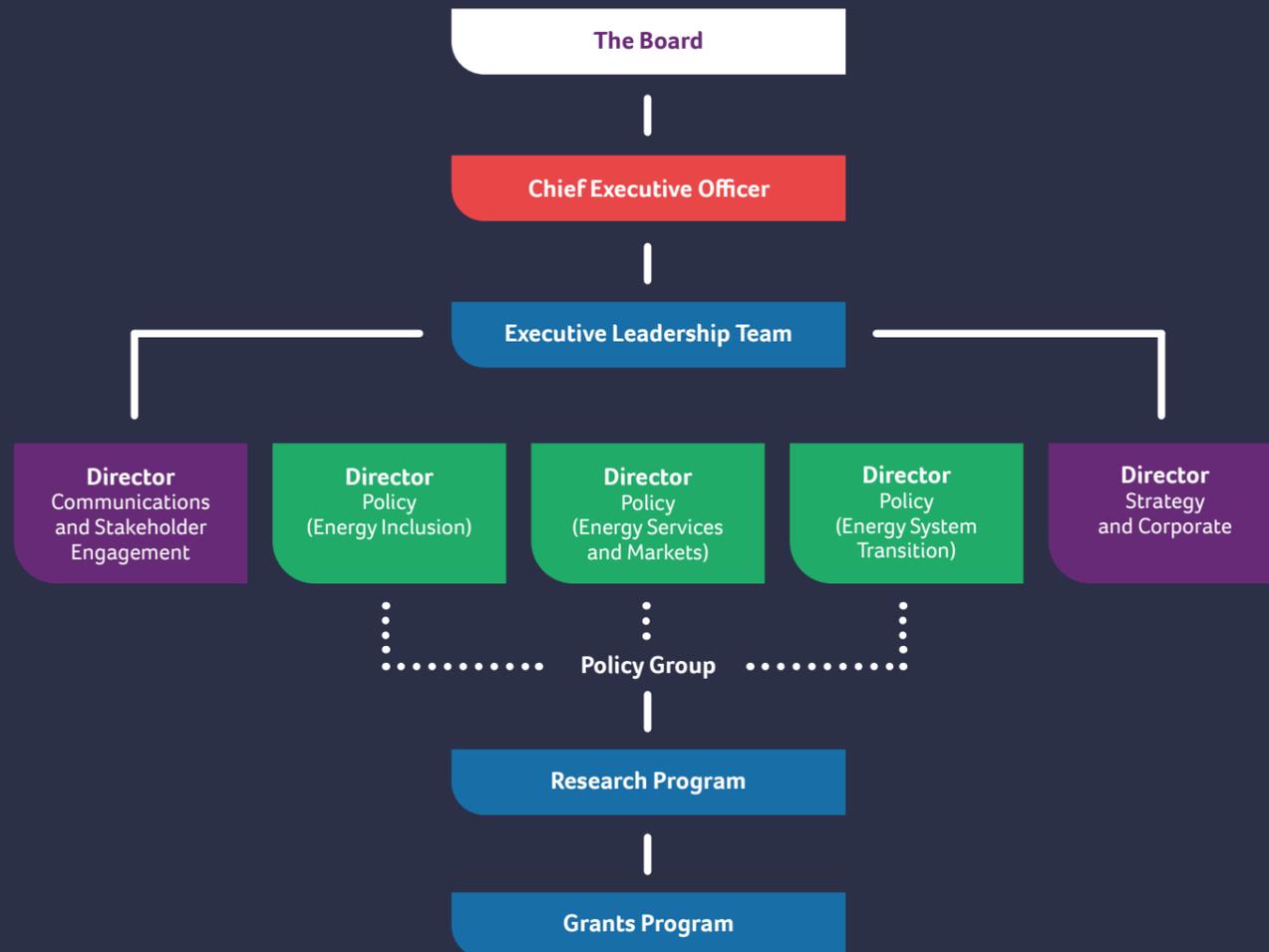
* Box 1 The whole of the energy system

By the whole of the energy system we mean:

- The energy supply system incorporates generation, storage, transmission and distribution network and pipeline infrastructure, including the National Electricity Market (NEM), the South West Interconnected System (SWIS), stand-alone power systems, micro-grids and embedded networks.
- The energy demand "system" of technology, services and markets including:
 - small scale solar generation and storage technologies, ranging from a single home or business premise to neighbourhood models (shopping centres, carparks, schools, community owned)
 - smart technology - including meters, Internet of Things (IoT) appliances and control devices – and data providers
 - intermediaries aggregating shifts in energy demand (load) and availability of small-scale generation and storage to generate value for consumers in the wholesale market, ancillary services or network support services
 - information services providers, including price comparison websites, switching services and energy efficiency advisers.
- Consumer behaviour, social practices and norms will reflect consumers' expectations of energy's affordability and reliability; their values (fairness, agency, protection of the environment and avoiding being wasteful); and their reliance on energy for meeting their needs for comfortable homes and competitive businesses.

The Chief Executive Officer and Executive Leadership Team of Energy Consumers Australia are responsible for leading our policy advocacy supported by our research, investing in the advocacy capabilities of other organisations through our Grants Program, engagement with stakeholders and the effective day-to-day management of our organisation.

We are an interdisciplinary team of 15-20 people, with most of our staff located in Sydney and some in other capital cities. Our team has knowledge, expertise and experience in technical, economic, social science disciplines and in seeding and catalysing scalable and systemic change.



2. Governance

Energy Consumers Australia is incorporated as a company limited by guarantee, whose sole member is the South Australian Government Minister with portfolio responsibility for energy.

Energy Consumers Australia is funded by consumers from levies collected by the Australian Energy Market Operator (AEMO) from market participants.



Our Constitution defines Energy Consumers Australia's high-level organisational Objective as well as the requirements to achieve it [Box 2].

Energy Consumers Australia has a five-member Board, appointed by the Energy Council (comprising the Commonwealth, State and Territory Ministers with portfolio responsibility for energy).

The Board has 4 core functions.

- Setting the strategic direction and risk appetite of Energy Consumers Australia and engaging with stakeholders.
- Determining the funding and requirements of the Grants Program and being the decision-maker on applications other than those delegated to the Chief Executive Officer.
- Oversight of Energy Consumers Australia's performance and financial management, with annual accountability to the member.
- Monitoring and guiding the performance of the CEO and acting to resolve any issues related to these.

The Board is also responsible for overseeing the implementation of the outcomes of the periodic independent reviews (the first review reported was completed in November 2019 and the next review is due to commence no later than January 2023).

The Board has established a Risk and Audit Sub-Committee and a Reference Committee. The role of the Reference Committee, as set out in the Constitution, is to act as an advisory group to the Board on energy consumer issues and is chaired by a member of the Board.

Risk oversight

We will take considered risks, across our activities and in the ways we manage our organisation. Our approach to risk management is that Energy Consumers Australia will accept a level of risk that allows us to pursue innovative strategies to promote the long-term interests of energy consumers but not to the extent that it limits our capacity to influence decision makers or causes Energy Consumers Australia to lose the confidence of key stakeholders.

Through the Board's Risk Management Framework, Energy Consumers Australia has processes in place to identify, evaluate, assign responsibility and report against key risks [Box 3].

Box 2 Energy Consumers Australia Constitution

Constitutional Objective

To promote the long-term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy services by providing and enabling strong, coordinated, collegiate evidence-based consumer advocacy on national energy market matters of strategic importance or material consequence for energy consumers, in particular residential customers and small business customers.

Constitutional requirements

- Effectively and objectively participate in national energy market issues and influence regulatory activities and energy market reform to benefit consumers.
- Engage and communicate with consumers and consumer advocates about national energy market policies, reforms and issues.
- Build national and jurisdictional expertise and capacity through research, knowledge development and consultation.
- Undertake robust research to build knowledge, engage and influence policy development and educate consumers in the national energy market.
- Fund and manage grants to build knowledge and sectoral capacity supporting policy development and consumer education in the national energy market.
- Create and maintain effective working relationships with key stakeholders.
- Develop and apply an understanding of the distinct market differences between jurisdictions within the national energy market.
- Frequently and collaboratively engage and communicate with representatives from the energy industry on issues in the interests of consumers.

In meeting these requirements, Energy Consumers Australia must have regard to any relevant objectives set out in the National Energy Laws.

Box 3 Risk Management Framework

The following eight areas have been identified as current key risks to be reported and mitigated.

- Key person risk: Loss of one or more key senior management personnel within a short time frame.
- Clarity of role: Stakeholders (internal and external) are unclear on Energy Consumers Australia's role, purpose, fields of play and priorities, leading to challenges in delivering its consumer mandate, perceived inconsistencies in Energy Consumers Australia's roles and actions and ultimately a loss of trust by stakeholders.
- Stakeholder engagement: Inability to reconcile divergent short-term stakeholder agendas and political expectations to Energy Consumers Australia's long-term consumer objectives.
- Changing stakeholder expectations: Failure to effectively manage increasing stakeholder scrutiny and expectations of Energy Consumers Australia as it transits from a 'start-up' to an 'established organisation' threatens its longer-term reputation and sustainability.
- Staff capacity and wellbeing: Failure to effectively manage the needs, focus and capacity of Energy Consumers Australia's staff.
- Sustainability of the Grants Program: Failure to seize opportunities to enhance the effectiveness and scalability of the grants program to ensure its ongoing sustainability.
- 'Fit for purpose' control environment: Control environment does not evolve to meet the needs of Energy Consumers Australia or the expectations of stakeholders.
- Knowledge sharing opportunity: Failure to effectively synthesize and utilise evidence and data (either directly or through partnerships) to impartially inform Energy Consumers Australia, and other stakeholders' perspectives on regulatory and energy market reform matters.

Our Board



Marie (Louise) Sylvan AM
BA, MPA, FAICD
Director and Chair
Appointed 29 January 2015

Louise has significant experience in consumer affairs policy analysis and advocacy. She is Chair of the Reliable Affordable Clean Energy for 2030 Cooperative Research Centre; a non-executive director of the Social Enterprise Fund Australia, the Australian Risk Policy Institute, the Australian Centre for Social Innovation; and Member of the Advisory Panels of the Net Zero Australia project and the Australian Privacy Foundation. Formerly Chief Executive Officer of the Australian National Preventive Health Agency, Louise was also a Commissioner of the Productivity Commission and Deputy Chair of the Australian Competition and Consumer Commission (ACCC).



Gavin Dufty
B. Social Science
Director
Appointed 29 January 2019

Gavin has significant consumer advocacy and energy policy experience. Gavin is Manager Policy and Research at St Vincent de Paul Society, Victoria. He has worked as a consumer representative in the energy sector for over 29 years undertaking research and policy evaluation on its impacts on domestic consumers. Gavin is currently a director on the board of Energy and Water Ombudsman (Victoria) (EWOV) and is a representative on several industry and government committees.



Helen Garnett PSM
BSc (Hons) PHD FAICD FTSE
Director, Member Risk and Audit Committee
Appointed 29 January 2019

Helen has significant corporate experience gained through directorships on government entities and ASX-listed companies in the energy, mining, agriculture and education sectors as well as entities involved in regional economic development and the arts. She currently chairs Generator Property Management and is a director of Developing East Arnhem Land, The Crawford Fund, Becquerel Laboratories and Larrakia Development Corporation.



Virginia Hickey
BA, LLB, FAICD
Director, Chair Reference Committee
Appointed 22 February 2016

Virginia is a lawyer, corporate governance expert and a company director. She was previously a partner of commercial law firm, Finlaysons. She has significant experience in national regulatory environments through her previous governance positions as a National Competition Councillor, a National Transport Commissioner, and as the Independent Chair of the Telecommunications Ombudsman Council.



Chris Spangaro
BLegS (Hons), GAICD
Director, Member Risk and Audit Committee
Appointed 29 January 2019

Chris has a background in law and public policy. He is a member of Independent Pricing and Regulatory Tribunal's (IPART) Energy Savings Scheme Tribunal Committee. Chris is a former Senior Director of the Australian Energy Market Commission (AEMC) where he led the Retail and Wholesale Markets team addressing key aspects of consumer energy pricing and protection as well as the reshaping of wholesale market rules. He previously worked for the NSW Independent Pricing and Regulatory Tribunal as General Manager of the Greenhouse Gas Abatement Scheme and as Manager, Water Pricing.

3. What we do

Energy Consumers Australia builds and shares evidence to influence change, prosecuting a vision for a future energy system that starts with what's possible and preferable for consumers and moves outwards from there.

We do this by commissioning, carrying out and distributing research that can act as a strong evidence base for change.

Our advocacy work forges connections and coalitions with other stakeholders in the system, shifting the debate and the reform process in the direction of what is otherwise missing – the future energy experience consumers want and how they might play a role in actively shaping it.

We also build capability and strengthen communities of changemakers via our grants program, helping to support advocates, organisations and ideas that push Australia closer to a shared vision for the future energy system.

While important, these core activities do not capture the entirety of what we do or how we work. A growing trend in strategic thinking is to 'humanise the organisation' through the use of personas – intentionally assumed characters or roles built around specific attitudes and beliefs. Three personas, drawn from the energy system itself, help explain the unique role we play in that system.

Our Persona



A Transformer

Energy Consumers Australia is a system transformer, working independently on behalf of consumers to challenge the status quo and push towards a vision of the future energy system.

Households and small businesses are entering a new reality in which they both consume electricity from the grid and contribute electricity to it. Transformation is underway but the pace and direction of change matter. Reform will be carried out by a diverse group of stakeholders and decision makers, across a complex terrain of processes, forums and collaborations.

Without conscious participation and advocacy on behalf of consumers it cannot be assumed that change will benefit Australian households and small businesses. For this reason, our advocacy work happens at a system level. We participate in high-level dialogues, consultations and design processes alongside governments, market bodies and other stakeholders.

As constructive but persuasive advocates we expose a wide range of system participants to evidence that makes a compelling case for change. We nudge from within the system's governing structures towards policy, legislative and regulatory outcomes that respond to consumers' changing values, needs and expectations.

Full integration between research and advocacy makes Energy Consumers Australia a trusted source of information across a transforming energy sector. Our research both sets an agenda for reform and deftly responds to the questions being asked by policy designers and decision makers, addressing knowledge gaps that can lead to uncertain or negative outcomes.



A Connector

The impact we set out to make cannot be delivered by our people and resources alone. We gladly accept our role as a connector between consumers and the stakeholders who make up Australia's energy system as well as between stakeholders within that system.

Energy Consumers Australia helps build and nurture impactful coalitions that link researchers, consumer advocates and forward-thinking leaders across retailers, generators, networks and market bodies. We are the critical connection between everyday Australians – their values, expectations and needs – and system actors who can deliver better outcomes by listening to and designing change with them. By engaging fully and meaningfully with consumers we model and encourage such engagement for other actors in the system.

Authentic engagement is about more than just research. It is also about communication. The future energy system we foresee is one consumers can navigate easily for their own benefit. For some this means a near-invisible series of simple, intuitive choices. For others, it may be a more active and involved process. When we say that system reform should be based on what is possible and preferable for consumers we cannot presume most Australians are currently well-positioned to know.

Emerging technologies and business models are opening up new possibilities for how consumers plan, manage and monitor their energy use, how they pay for energy and other related services and the kinds of decisions they are likely to face in the future. While information is available from technology companies, energy networks, retailers and others in the market, there is a need for independent, credible and evidence-backed communications that other system actors cannot fill.



A Charger

The challenges surrounding Australia's energy system are complex problems. They cannot be solved by status quo thinking. Energy Consumers Australia acts as a charger – working to build capability among diverse system actors so that such problems can be collaboratively identified, analysed and tackled.

Complex problems are those involving multiple actors, motivations and interests, where there is a high degree of inter-relatedness and commonly no single solution. Actions that make things better for one party in the system may adversely impact others. Success can be hard to define and progress hard to measure.

In such a context it is critical to identify the parties needed to move towards better outcomes, understand how they are interrelated, and use convening and influencing power to help them develop shared intent.

Energy Consumers Australia sets out to be a supercharger for this process, funding, commissioning and carrying out research in areas of specific need. This means we identify and address questions that might otherwise not be answered. We influence by helping and equipping others within the system – building and sharing an evidence base for change.

Though it is not Energy Consumers Australia's role to 'educate' consumers about how electricity is generated, distributed, and regulated we can play an important role in providing clear, independent information about what consumer behaviour is possible and how consumers can successfully navigate a changing system for their own benefit. Energy Consumers Australia has an ongoing connection – a two-way dialogue – with consumers about what they want and need but also about what they can do.

Our unique position grants us high-level access to decision-making and system-shaping processes. The knowledge, experience and influence gained in these arenas can be shared with the broader advocacy community in ways that help extend the capability of others to affect change. We take a collaborative, collegiate view of reform in which good ideas are shared and the quality of impact matters far more than the credit that can be claimed.

While research is fundamental to what we do, Energy Consumers Australia differs from policy think tanks or academic research centres such as the Monash Energy Institute. Our research leverages our unique position, anticipating and responding to critical questions as they emerge for sectoral leaders during reform processes. This is the role of a charger – driving change by helping build the capacity of others to make informed decisions for the benefit of consumers.

We also act as a charger by capacity building within our stakeholder network through our grants program. The grants funding function allows Energy Consumers Australia to strengthen and uplift those with whom we share a vision and contributes positively and tangibly towards advancing that vision. Examples include our support for the National Consumer Roundtable on Energy, participation in the Energy Charter, the Housing Coalition, Energy Policy WA, and collaborating with ACOSS and the Total Environment Centre (TEC) in the Distributed and Energy Integration Program Access and Pricing workstream.

All three personas – transformer, connector and charger – inform and guide a set of priorities and activities that bring people and organisations together around evidence and collaborative practice, helping lead the change from the energy system of today to a preferred future state.

4. The current energy system

Two major transitions sit at the heart of today's Australian energy system.

The first transition is from a carbon-intensive energy system to one that is net zero, in terms of carbon emissions. It requires massive, system-level changes to the way electricity is generated – shifting from the burning of fossil fuels such as coal and natural gas to non-emitting generation in the form of solar, wind and other renewable sources and storage.

How electricity is stored so that it can be dispatched when demand spikes is a large part of this transition. Batteries, pumped hydro and other forms of storage must be added to the system in quantities that are sufficient to deal with the dispatchability and security challenges that have opened up as fossil fuel generators begin to disappear from our energy mix. This very necessary transition can be executed well or badly – depending on whether there is meaningful engagement with consumers. A poorly-executed transition risks exposing consumers to higher costs and a system that fails to meet their needs.

Big issues in the transitions ahead

- Managing the shift in generation
- Electricity storage options
- Meaningful consumer engagement
- A shared vision for change
- Helping consumers navigate change
- Delivering genuine benefit to consumers
- Keeping prices down
- No one left behind
- Social license
- Interaction with other systems like housing

The Second Transition

At the same time, generation is becoming far more decentralised as consumers and communities gain the ability to generate power and feed it into the grid. The system is morphing from a small number of large-scale generators to a large number of smaller ones, scattered widely across cities and communities Australia-wide.

The second transition is more obviously about people: it is about energy consumers and their behaviour as they try to navigate the system, encountering new possibilities, opportunities and limitations as a result of changing technology and emerging social practices.

Australian households and businesses lead the world in adoption of rooftop solar. They are increasingly exploring battery storage and electric vehicles as the price of these technologies reduces. Consumers are exploring what it means to be producers and storers as well as consumers of electricity. How the system helps them to navigate these newfound possibilities, delivering benefit for them and value for the system as a whole, will partly determine how successful the second transition can be.

These two transitions are inextricably linked. Both are necessary but neither is independently sufficient for Australia to arrive at a net zero future. There is a clear need for consumer voices to shape the pace and direction of change, and for the system to avoid the price inflating overbuilding of large-scale generation and network infrastructure.

Rather than an abstract target or a number to be reached, Net Zero is a journey to be undertaken by people. Success will be as much about the experience of the travellers as the place they are going. In what condition will they arrive? Will the process of getting there be positive or negative? Will they arrive together or will some be left behind?

A Critical Moment

Across the system, we see individual actors striving to do their best from the viewpoint of their roles and constituencies as they understand them. There is no shortage of positive intent.

The Federal Government seeks to deliver a thriving economy, strong employment market and high standard of living for Australians but must also weigh considerations around decarbonisation and the threat posed to our climate by emissions. State Governments are moving quickly to add new generation, storage and regulatory elements to the system as they respond to their own specific challenges.

Regulators and market bodies plan for future needs and system characteristics but increasingly encounter challenges from a grid that was not purpose-built with dual user/producers in mind. Energy resources are becoming more widely distributed, but for those used to a command-and-control model they are harder to see and much harder to access. Market bodies and networks are moving to introduce controls or penalties for system users who export electricity at times when surplus generation can threaten system stability.

All the while, consumers press ahead – responding to high energy prices and concerns about sustainability and the long-term health of their environment. They are taking advantage of newly available technologies and importing into an energy context expectations fanned by customer service developments that touch other aspects of their lives.

In such a context it can be tempting to see consumer behaviour as a threat or challenge to elegantly constructed market models. The view of Energy Consumers Australia is unequivocal: Consumers are not a threat to the proper functioning of the system; they *are* the system. Reform should start with a conversation about what is possible and preferable for them.

An Invisible Necessity

For consumers, energy is an invisible but fully-integrated necessity. Our lives, at least as we know them, do not work without it. Though we may still think of a power cut as the moment when ‘the lights go out’ the consumer of today is far more enmeshed with the energy system. A power outage impacts their ability to communicate, to drive their vehicle, to access information, carry out their work or run their business.

Rather than purchasing electricity, consumers see themselves as buying heating and cooling, cooking and entertainment or the ability to work and earn money. For market bodies wanting to limit consumer behaviour or seeking ways to contain demand by time-shifting energy use, there is reason for caution: such measures do not simply limit people’s access to electricity, they potentially impact the meeting of basic consumer needs. Australians are entitled to see such needs as non-negotiable and will react negatively to a system that cannot meet them. As we navigate and negotiate the second transition, social licence must be earned and maintained.

“Consumers are not a threat to the proper functioning of the system; they are the system.”

“Large numbers of Australians, who rent their home or business premises, find themselves effectively locked out of the potential benefits offered by emerging technologies and products.”

If we are on a journey, it is critical that we arrive together. Large numbers of Australians, who rent their home or business premises, find themselves effectively locked out of the potential benefits offered by emerging technologies and products. Couple this with well-documented issues relating to housing affordability in Australia and we see a classic complex problem: young people are most likely to be comfortable with digital technologies and innovative user experiences and therefore represent the cohort we might expect to first embrace energy efficiency or energy market disruption. But this cohort is often excluded from helping drive the energy system transformation because they are effectively excluded from home ownership. Others, including some older or culturally and linguistically diverse Australians, may have the economic means to participate but lack the required access to technology or information.

More Than One System

The energy system is complex and increasingly interacts with other systems. Building standards, tenancy laws and simple economics combine to create rental properties that are not constructed, maintained or insulated to be energy efficient. As a result, renters (a cohort that includes many in hardship situations) are saddled with higher energy use and higher bills.

As electric vehicle adoption increases, transport policy will have a direct impact on the energy system. How many EVs are drawing on or contributing to the grid? Will urban planning levers such as public transport infrastructure, walkable neighbourhoods and the sharing economy mitigate the impact of this growing fleet?

These questions and more are being asked around the world as key jurisdictions consider the needs of future energy grids and begin designing at system-level for their transformation. We see this work underway in California, in the United Kingdom and elsewhere.

In Australia, Energy Ministers asked the Energy Security Board to oversee the Post 2025 Market Design project, a long-term blueprint for a fit-for-purpose national electricity market of the future. There is a clear requirement, as the Energy Security Board notes, for “a set of systems, tools, and regulatory frameworks that can evolve to meet changing consumer and system needs.”

For all the goodwill and positive intent that exists amongst policy makers, regulators and other decision makers across the energy market, the current moment can feel chaotic and uncertain. Despite widespread cooperation and consultation, there is something missing: a gap and an opportunity.

Shared Vision

Before new systems, tools and frameworks can be created, something more elemental needs to happen. There is an absence of a shared vision – an agreed version of the desired future state – that all in the system can contribute to, own and use as a springboard for action. When a system operator temporarily cuts off solar system exporters from the grid because of concern about the potential instability caused by excess supply, they do so in a way that shows there is no mental model of a fairly functioning system that they implicitly share with consumers.

Without shared vision, there can be no shared intent. Reform becomes fragmentary and individual interests jostle and compete. There is no shared idea of what the actors in the system mean and owe to each other.

This is the need that Energy Consumers Australia can meet, a missing piece that we are well positioned to help fill. The two energy transitions are among the most important challenges we face as humans – a journey that requires all Australians to arrive together. For that to happen, consumers need to be listened to, included, learned from and engaged. If they don’t trust in the system and believe their best interests are at the heart of change then they won’t come along.

Energy Consumers Australia is well placed to gather evidence, translate it into a compelling vision of the future and – through its priorities and activities – persuade others to adopt, shape and work towards it.

“Without shared vision, there can be no shared intent.”

5. The energy system of the future

Our energy system is changing fast. Into this sometimes-chaotic fray, Energy Consumers Australia injects a clear, evidence-based vision of a preferred future.

Across an operating environment that can feel unstable and in which there are at times competing drivers and motivations, this clear vision can itself act as a significant catalyst for change.

Our vision is for a future energy system that is consumer powered. By this we mean that consumer values, expectations and needs are both the instigating factor and central concern of system reform.

As the United Kingdom Energy Research Centre (UKERC) notes, any successful transformation that builds successfully on the participation of consumers must respect and respond to their values. These common values are not shared by all but represent prevalent ideas which act as the basis for consumer-formed views about what kind of system change is needed and why. The core values proposed by UKERC are also significant drivers in an Australian consumer context. They are fairness, quality, autonomy, security, efficiency and protecting the natural environment.

As well as values, consumers embark on this journey with common expectations. Research carried out by Energy Consumers Australia has distilled these expectations to a simple set of ideas: consumers expect – and have a right to expect – energy that is affordable, abundant and clean. Critically, they also expect the system to be easy to navigate.

Consumer needs are even simpler. Each of us needs to heat our homes and our hot water, to power our transport and to carry out our work. We need energy to supply light in the dark and to keep us cool when it is hot.

Taking all of this into account, we arrive at a vision for the future system that can be built upon, iterated and shared: consumers want and deserve a future system that is modern, flexible and resilient.

We are a



TRANSFORMER CONNECTOR CHARGER

We do

Advocacy + Research

Investment in grants

Working with

- Governments
- Policymakers & advisers
- Rule makers & regulators
- System & market operator

- Consumer orgs
- Community orgs
- Advocacy orgs
- Industry & industry associations

- Complaints, dispute resolution bodies
- Consumer protection bodies



Influencing, Partnership Forming and Coalition Building

To understand and amplify

Needs

- To live comfortably
- To live safely & securely
- To work productively
- To run profitable businesses
- Connector

Expectations

- Affordable energy
- Abundant energy
- Clean energy

Values

- Fairness
- Quality
- Autonomy
- Security
- Efficiency
- Environmental protection

Creating a

SHARED VISION

For a system that is

Modern Affordable Flexible

Individualised Resilient

“Technology, regulation and infrastructure changes are part of the transformation but it is not true that they are the transformation.”

A Modern System

The system of the future will have successfully moved from a centralised ‘command and control’ model to a decentralised *modern* one.

The traditional way of thinking about energy – “generate, dispatch and deliver” – is no longer fit for purpose. Making this adjustment can be challenging for those accustomed to centralised control. Across the system, we see some market bodies becoming more comfortable with a decentralising grid but at times also see vestiges of top-down power reflexively tighten their grip on consumers when events threaten system security.

A modern system will be “smarter” and will incorporate technologies that are rapidly emerging – hardware and software that can increase the speed and breadth of communication, artificial intelligences that will deliver improved optimisation and responsiveness, monitoring and data that can make delivering electricity more efficient and therefore cheaper and more reliable.

Households and small businesses stand to benefit from a modernised system that can reduce the frequency and duration of power outages and restore service faster when outages do occur. Advanced metering can make consumption more

transparent, allowing consumers who wish to do so to be more actively involved in the energy market. Greater automation offers stress-free and seamless time-shifting in ways that consumers barely notice, leading to lower bills. User-friendly phone apps can make real-time decision making around energy consumption as quick and easy as checking your bank balance or arranging a date.

In a modern system, consumers will participate in demand-side decision-making in ways that prioritise reward over punishment and which do not ask them to trade-off core needs, such as being warm in winter and cool in summer. Utilities will also benefit, enjoying improved security, reduced peak loads, increased integration of renewables, and lower operational costs.

Infrastructure will be needed as part of this shift but a solution that prioritises poles and wires over people and behaviours will not be preferred. Technology, regulation and infrastructure changes are part of the transformation but it is not true that they *are* the transformation.

A Flexible System

The need for flexibility will also be a powerful driver of the consumer-centered future system, as we manage the exit of fossil-fuel driven generators that have for generations delivered dispatchable baseload power when demand spikes.

The increasing share of the electricity supply taken up by renewables, which are variable by their nature, creates a need for flexibility that must be addressed. We see this happening across Australia through additions ranging from large scale batteries to pumped hydro projects such as Snowy 2.0. If this process is not properly balanced, consumers will be adversely impacted. Over-investment in new generation and storage will inevitably lead to higher bills as the cost is passed to consumers. Under-investment, conversely, will result in an electricity supply that cannot be relied upon at times when most Australians wish to use it.

Demand side solutions will be critical in achieving this balance and it is here, perhaps most of all, that engaging with and understanding consumers will drive success. Such solutions rely on consumers curtailing the electricity they draw from the grid or shifting use to times of day when the balance between supply and demand is more favourable to the system. Navigating this shift successfully will reduce the need for costly new infrastructure and be a limiting influence on electricity costs. In a flexible future system, consumers will be willing participants in such schemes, agreeing to adjust their energy use in ways that help their community, themselves and the system. The process of doing this will be simple and frictionless and will not require expert knowledge or high-level engagement.

Asking consumers to join in such action requires them to have considerable trust in the system and goodwill towards key actors within it. They must have a clear understanding of what they are being asked to do and what their options are. And the way they respond to an “event” must be intuitive and easy. None of these factors can be assumed at the present moment. There is much work to do.

“When power comes from a large number of diffuse and diverse sources it is less vulnerable to failure caused by a single catastrophic event.”

A Resilient System

The future system we drive towards is *resilient*. Extreme weather events such as bushfires, heatwaves and floods are already placing the NEM under unprecedented pressure. Over time, the regularity and severity of such events – and their impact on the system – will increase.

It is in the interests of all Australians to construct a future energy market that can withstand these pressures, flexing but not breaking when disaster strikes. Such a system is more able to keep services operating during times of stress and can act to restore power more quickly when it does go offline.

Within this context there is a developing tension between the large-scale and the local. As carbon intensive forms of large-scale generation phase out there will be pressure to create like-for-like replacements – huge generators located far from end-users and requiring costly transmission infrastructure. Such projects are expensive but – from a political and project-risk point of view – can be tempting. They often require fewer decisions and can have fewer stakeholders. The future system will require such large generators but they will not be sufficient to meet consumer needs on their own. It is not possible to create a resilient system simply by adding more infrastructure.

Localised, community-centered forms of generation can be more complex but will be critical in creating a system that is less radial and more networked. Among such forms will be community batteries, virtual power plants and co-located small-scale generation and storage facilities that are embedded within communities. When power comes from a large number of diffuse and diverse sources it is less vulnerable to failure caused by a single catastrophic event. It is therefore more resilient.

This is our vision – a modern, flexible and resilient system that meets the values, needs and expectations of consumers. This vision underpins the priorities that drive Energy Consumers Australia and the performance framework that defines and measures the activities that follow. We do these things because we were created and mandated to do them but, more importantly, because they are what will work. And because no other organisation has the specific viewpoint, the research-backed knowledge and the unique position within the system to drive the change that is needed.

6. Our Priorities

Energy Consumers Australia seeks to have impact at the household, market and system levels.

Advocating for change for the better for consumers at all three of these levels will lead to whole-of-system change and improved outcomes for all consumers.

Impact	Affordable energy for households and small businesses	Individualised energy services that give consumers choice and control	Modern, flexible and resilient energy system
Focus	Generation and network infrastructure costs	Energy services, business models, markets and consumer protection	Whole of energy system transition
Objective	Prices at affordable levels that deliver value for money for households and small business	Markets that work for consumers, with fit-for purpose consumer protections and support for consumers in vulnerable circumstances	A decentralised, distributed energy system that provides affordable, abundant and clean energy, while being safe, secure and reliable

Affordable energy for households and small businesses

Consumers rely on energy for comfortable homes and competitive businesses.

Affordability must be a constraint - an explicit criterion - on all decision-making up and down the supply chain, whether that is investing in new generation, storage or network infrastructure or maintaining existing infrastructure. In the transition away from fossil fuel generation to a system that is powered by renewable energy and storage, it is critical that the market design and regulatory frameworks ensure that not one more dollar is spent one day earlier than required.

Energy Consumers Australia brings deep technical expertise on these issues to our engagement with governments, regulators and industry and we share this knowledge with other advocacy organisations. We support a range of approaches to consumer engagement and participation in these decision-making processes, to ensure good outcomes for consumers. The impact is better value for money infrastructure, at the same time as consumer expectations about the security and reliability of electricity are met.

Priority	What we do
Rate of return on network investment is in long term interests of consumers	We bring a consumer perspective to the AER's determination of the 2022 Rate of Return Instrument, through our membership of the Consumer Reference Group and commissioning technical advice and research
Least cost electricity and gas distribution network infrastructure	We support best-practice approaches to consumer engagement in network revenue (and access) determination processes, including through technical advice, commissioned research and funding through the Grants Program for consumer advocates
Market design is fit for purpose to ensure system security	We participate in the development and implementation of the resource adequacy mechanisms, essential services and ahead scheduling, and transmission and access arrangements, and enable collaboration of other consumer advocates in these processes

Individualised energy services

Energy services, including accessing electricity as an essential service, are no longer provided as one-size-fits-all.

The key to a least-cost future energy system is providing genuine choices and control to households and small businesses, who have a range of motivations, abilities and opportunities to contribute to, and benefit from, technologies, new energy services and markets.

Energy Consumers Australia brings experience and expertise in human-centred design, principles-based regulation and risk frameworks to policies and programs, and reform initiatives. The outcome for consumers is less complexity in decisions to manage their energy use, generation or storage, and confidence that they have the information and tools they need that are relevant to their circumstances.

Priority	What we do
New energy services and markets that work for consumers	We support innovation in energy services and new business models, that provide consumers with incentives and rewards in managing their energy use, generation and storage with acceptable levels of risk
Protecting consumers in rapidly evolving markets	We work on supporting consumers to make informed choices and decisions that impact on their energy bills, and ensuring that the regulatory frameworks remain fit for purpose
Fit for purpose frameworks to support consumers in vulnerable circumstances	We support the development of adequate protections and safety nets for consumers in vulnerable circumstances, and changing industry practice to mitigate hardship or loss of access to energy
A fair transition to low energy homes and businesses	We are active in collaborating on policies and programs to support the transition to more energy efficient buildings and appliances, and fuel switching with electrification of heating and private transport.

Modern, flexible and resilient energy system

A modern, flexible and resilient energy system is one where both demand and supply can more seamlessly adapt to changing circumstances. The system needs to be responsive to the changing needs of people and communities, which is reflected in fluctuations in demand, or to changes in the conditions that impact the availability of supply such as changing weather. Planning and investment choices must be considered by treating demand actions and assets to meet system needs on an equivalent basis to supply side actions and assets.

The energy system of the future will increasingly be local and more modular (rather than a small number of large

assets connected over great distances to people’s homes and businesses). This means alternative supply models are emerging that could be owned and operated by service providers whose core business is not energy (for example, property owners and managers, data centres, telecommunications providers) or by communities through shared ownership models for storage and solar generation.

Energy Consumers Australia plays a significant role in imagining a future energy system in which energy is affordable, abundant and clean and working with other stakeholders on the pathways for realising that future.

Priority	What we do
Long term planning for demand flexibility and security of supply	We contribute to the development of the Integrated System Plan through developing the evidence of the available capacity on the demand side to be contributed by households and small business, including through our engagement with the Consumer Panel and through identifying policy settings that promote flexibility
Alternative supply models	We work on removing the barriers to alternative supply models that better meet community needs including stand-alone power systems, microgrids, shared storage and shared generation
Distributed energy future “enablers”	We work on the technology and regulatory enablers and system architecture to support a distributed energy future, in which consumers can have trust and confidence

7. Our Performance Framework

Our performance framework is built to ensure that our work supports and aligns with our vision, mission, purpose and values.

In support of our strategic framework, it outlines how we go about our work (our activities), the results we aim to produce (our outcomes), the long term, positive change (our impact) we seek to have on the energy system, and how we will measure our progress on these.

Measurement of each of these elements will be achieved by tracking the KPIs outlined under our activities and outcomes, and the priorities under impact (further outlined in Section 6).

Energy Consumers Australia collates data to track our KPIs in an ongoing way and will report on them annually through our Annual Report. The measures outlined are both quantitative and qualitative, depending on the metric and data available.

Our performance and in particular the extent to which we achieve our outcomes and impact will continue to inform our strategic framework and the work we undertake. In this way, it is a continuous feedback loop that informs and shapes our future strategic direction.

Activities – what we do to achieve our purpose	Outcomes – direct results our activities produce, contributing to the impact we have	Impact – the enduring, positive change we contribute to in the broader energy system
<p>Iterating a vision for the future of the energy system using research and evidence</p> <p>KPI 1A.1 Foresighting Forum is held on an annual basis and attended by representatives from all sectors of the energy system</p> <p>KPI 1A.2 Consumer research (surveys ECSS, ECBS, SME RTT are undertaken on a regular basis as per the below targets</p> <ul style="list-style-type: none"> • ECSS published in June and December • ECBS published in September • SME RTT published in June and December 	<p>Robust and growing evidence of consumer values, expectations and needs is available to energy sector decision-makers and other stakeholders</p> <p>KPI 1B.1 – Evidence and research developed by Energy Consumers Australia is widely available to energy sector decision makers and is used to inform analysis of progress on past reforms and identify emerging issues that impact consumers</p>	<p>Affordable energy for households and small businesses</p> <ul style="list-style-type: none"> • Rate of return on network investment is in the long-term interests of consumers • Least cost electricity and gas distribution network infrastructure • Market design is fit for purpose to ensure system security <p>Individualised energy services that give consumers choice and control</p> <ul style="list-style-type: none"> • New energy services and markets that work for consumers • Protecting consumers in rapidly evolving markets • Fit for purpose frameworks to support consumers in vulnerable circumstances • A fair transition to low energy homes and businesses <p>Modern, flexible and resilient energy system</p> <ul style="list-style-type: none"> • Long term planning for demand flexibility and security of supply • Alternative supply models • Distributed energy future “enablers”
<p>Identifying and analysing complex problems</p> <p>KPI 2A.1 Participation in significant review, regulatory and rule change processes with 15 major submissions annually</p>	<p>Raised awareness, knowledge and understanding of the social, technical and economic drivers that are barriers to energy system change or create opportunities for better outcomes for households and small business</p> <p>KPI 2B.1 Energy Consumers Australia’s knowledge, analysis and advice is reflected in the findings, recommendations, and decisions of government inquiries, market bodies and regulators and changing industry business models and practice</p>	<p>Modern, flexible and resilient energy system</p> <ul style="list-style-type: none"> • Long term planning for demand flexibility and security of supply • Alternative supply models • Distributed energy future “enablers”
<p>Building and supporting greater capability, expertise and coalitions for advocacy</p> <p>KPI 3A.1 \$2 million investment annually in advocacy (through the Grants Program), nationally and across a range of consumer groups</p> <p>KPI 3A.2 Resources provided to support consumer working groups and coalitions in major review processes, with a target of three major consumer working groups or coalitions annually</p>	<p>Stakeholders have greater knowledge, skills and resources to seed and catalyse change, individually and in collaboration with others.</p> <p>KPI 3B.1 The knowledge and insights from the work by advocacy organisations are widely shared and understood</p> <p>KPI 3B.2 The contribution of consumer working groups and coalitions are instrumental in establishing new initiatives by decision makers and/or reflected in the findings, recommendations, and decisions of government inquiries, market bodies and regulators and changing industry business models and practices</p>	<p>Modern, flexible and resilient energy system</p> <ul style="list-style-type: none"> • Long term planning for demand flexibility and security of supply • Alternative supply models • Distributed energy future “enablers”

Activities – what we do to achieve our purpose	Outcomes – direct results our activities produce, contributing to the impact we have	Impact – the enduring, positive change we contribute to in the broader energy system
<p>Initiating change and reform proposals</p> <p>KPI 4A.1 New research, policy proposals or rule changes to address systemic issues, with two “thought leadership” papers published annually</p>	<p>Change and reform proposals are understood to have the potential to create scalable and systemic impact</p> <p>KPI 4B.1 Key decision makers understand the need to address systemic issues and implement a process for collaborating on possible solutions</p>	<p>Affordable energy for households and small businesses</p> <ul style="list-style-type: none"> • Rate of return on network investment is in the long-term interests of consumers • Least cost electricity and gas distribution network infrastructure • Market design is fit for purpose to ensure system security
<p>Influencing policy, legislative and regulatory reform outcomes</p> <p>KPI 5A.1 Build and strengthen relationships with governments and regulators through at least 8 meetings annually with jurisdictional governments, engagement bi-annually with the Energy Council and quarterly meetings with market bodies</p>	<p>Decision-makers understand and respond to Energy Consumers Australia’s policy positions and advocacy</p> <p>KPI 5B.1 Energy Consumers Australia’s knowledge, analysis and advice is reflected in the findings, recommendations, and decisions of government inquiries, market bodies and regulators</p>	<p>Individualised energy services that give consumers choice and control</p> <ul style="list-style-type: none"> • New energy services and markets that work for consumers • Protecting consumers in rapidly evolving markets • Fit for purpose frameworks to support consumers in vulnerable circumstances • A fair transition to low energy homes and businesses
<p>Influencing industry business models, practice and behaviour</p> <p>KPI 6A.1 Support models for industry engagement with consumers and consumer organisations by publishing at least 1 annual consumer engagement report</p>	<p>Industry boards and management understand and respond to consumer perspectives</p> <p>KPI 6B.1 A wide range of engagement approaches are used by industry boards and management that embed consumer perspectives in industry decision making</p>	<p>Modern, flexible and resilient energy system</p> <ul style="list-style-type: none"> • Long term planning for demand flexibility and security of supply • Alternative supply models • Distributed energy future “enablers”
<p>Building consumer understanding and awareness, through our communications</p> <p>KPI 7A.1 Undertake at least 3 direct engagements with consumers and communities</p>	<p>Consumers are better informed about energy market developments and are directed to independent advice and information</p> <p>KPI 7B.1 Consumers understand the impact of energy market developments</p> <p>KPI 7B.2 Consumers know where to find independent advice and information on energy market issues</p>	<p>Modern, flexible and resilient energy system</p> <ul style="list-style-type: none"> • Long term planning for demand flexibility and security of supply • Alternative supply models • Distributed energy future “enablers”
<p>Develop and prudently manage Energy Consumer Australia’s people, budget and resources</p> <p>KPI 8A.1 Annual expenditure within +/- 5% of budget</p>	<p>Energy Consumers Australia is recognised as a high performing organisation</p> <p>KPI 8B.1 At least 80% of staff would recommend Energy Consumers Australia as a place to work</p> <p>KPI 8B.2 Staff turnover is less than 20% per annum</p>	<p>Modern, flexible and resilient energy system</p> <ul style="list-style-type: none"> • Long term planning for demand flexibility and security of supply • Alternative supply models • Distributed energy future “enablers”



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