



Annual Report

2021-22



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We estimate that it (the bill increase) will be in vicinity more of \$300-\$350 extra a year, so it's going to impact us a fair bit.

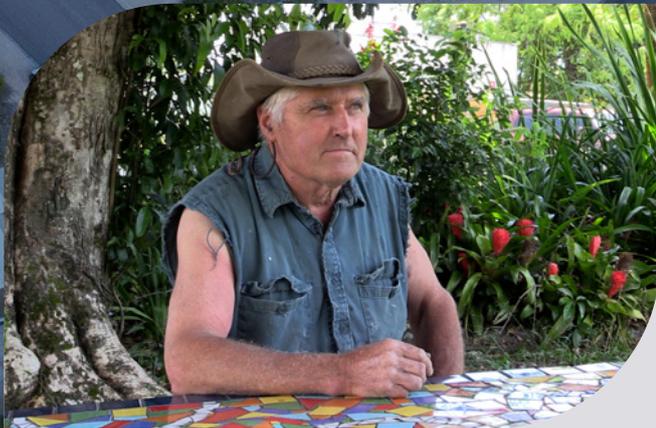
Household consumers on the pension talking about power bill increases among other cost of living pressures



“

We opened six months before COVID took hold, and therefore we just have not had the funds to buy a generator for power outages.

Cafe owner from Millaa Millaa discussing challenges for small businesses in extreme weather affected communities



“

If we had the resilience of an energy microgrid, everyone would feel a lot more comfortable, you know.

Household consumer from Millaa Millaa discussing power outages causes by extreme weather events



“

I was quite surprised - when the solars went on I just assumed plug it in and away we go, but I've since found out I need a converter.

Household consumer from Hallett Cove discussing customer information gaps for solar panels

FROM THE CHAIR

This year has challenged all of us in the energy sector, with the combined impact of higher retail electricity and gas prices, inflation and cost-of-living pressures, as well as more frequent natural events linked to climate change, resulting in higher energy bills and issues with security of supply.

International events have also significantly impacted the operations of our domestic market, underlining the global connectedness of a system where everything from commodity prices to interest rates has the potential to change the everyday experience of consumers.

Underlining the fragile state of the energy market, in June the market operator took the extraordinary step of suspending the spot market in the National Electricity Market and there is serious concern about the health of several retailers. Some have already closed their doors and others have urged their customers to take their business elsewhere.

While it might be tempting to see this as a set of extraordinary events – coincidences even – it is perhaps something closer to a new normal. We are living through a period of convulsive change: in how our energy system functions, in what is asked and offered to consumers and – consequently – in what is required of an organisation that takes as its remit to act as their voice and advocate.

These shocks to the system underline the critical importance of cross-jurisdictional, integrated policy work on the two big energy transitions. We have witnessed significant planning in recent years for the first of these transitions,

managing the *decarbonisation* of the energy system. There has been less focus on the second transition, capitalising on the opportunities to drive down energy bills and support greater consumer participation in the *decentralisation* of our energy system. And there has been even less work to plan the integration of these two transitions.

From an emissions point of view, decentralisation and decarbonisation go hand in hand. The fact there are now more than 3 million homes with solar panels, 30,000 battery storage systems being added each year and millions of Australians expressing interest in a range of energy management options clearly reduces the reliance on fossil fuels and contributes to emissions reduction. The near future promises a dramatic expansion of this more active role for consumers in the energy system. The Australian Energy Market Operator's Integrated System Plan offers a scenario in which the number of consumer-owned resources in the nation's energy system increases 200% by 2040. That means everyday Australians will go from currently contributing about 7% of electricity generation to around 22%.

A national conversation is beginning around what new opportunities and responsibilities this growth offers to consumers. And it requires us to help

ensure leaders and decision makers are thinking more broadly about what it means to re-centre the system around the people who rely on it.

To better enable this conversation, this year we have sought to change the language and framework for discussing what has previously been known as distributed energy resources or "DER". This narrative positions energy consumers and their technology as being at the periphery of the system, and this influences the way we carry out system planning. Every day, system planners and operators ask questions like: "how do we manage the impact of more distributed energy resources on the system?" An alternative, and more encompassing descriptor for these technologies and assets, is "consumer energy resources" given that these assets are, in fact, conveniently located at the centre of the system – where consumption happens.

Energy providers and policy makers need to embrace these consumer resources as central to the broader energy system. This will reinforce to consumers that their energy resources and the decisions that they make – such as upgrading to an EV as the next car, changing from a gas stove to an electric oven, working with the community to enable effective local storage, and as much as possible using appliances when energy is abundant – are integral to

designing a system in which consumers have more control and energy is accessible and affordable for all.

It is also the best chance we have to drive down energy bills in the coming years. One of the fundamental drivers of higher energy costs is the high use of energy at peak times. Building trust with households and small businesses, and social license for reforms that capitalise on consumers' capacity to help manage those peaks, is a pre-requisite for our success in keeping costs down in the future.

Our research shows that affordability remains front-of-mind for consumers as the most important area on which the current and future systems must deliver but it is not the only consideration. Energy system leaders are currently engaged in much planning and discussion regarding measures and mechanisms to guarantee future reliability by ensuring there is always enough dispatchable generation capacity to cover times when renewable supply dips or demand suddenly rises.

It is critical for those participating in these processes to understand that delivering the firming capacity that is needed must be done in a way that delivers future reliability for consumers while doing so at least cost. To do that we are focusing on advancing an energy efficiency agenda so that both households and the nation itself can more efficiently use the resources already at our disposal.

In 2021-22, we doubled our efforts across an integrated work program with three core cross-cutting strategic impact areas – more **affordable energy** for households and small businesses, more **individualised energy services** that give consumers choice and control, and a more **modern, flexible and resilient energy system** built on trust and social license for change with consumers.

This was our first full year working towards these impact areas under our new *Strategic Plan 2021-24*. This Annual Report is structured to reflect that plan, with reporting of outcomes across those three identified impact areas and progress on specific, planned activities highlighted throughout the report, along with achievement of our key performance indicators.

Our Strategic Plan also marks an evolution of our role in the energy system. We have always seen collaboration with stakeholders as a core value but have recently tried to re-orient our work program to better reflect that approach. This means providing more support to our peers to pursue their priorities, while also building alignment about those priorities to maximise collective impact. Examples of this include our new approach to the Grants Program, which now includes a Collaboration stream, as well as the creation of a new Consumer Empowerment Funding Program to back consumer representatives in network revenue setting processes.

We are also adapting our communications to reflect our strategic priorities, with a renewed emphasis on direct engagement with consumers, building a relationship with them based on trust - both to create a genuine shared vision of the future, and to help consumers navigate a complex market that relies more and more on their participation.

I would like to thank our peers and stakeholders for their collaborative work with us in one of the most challenging periods, including the pandemic. I would like to thank my fellow Board members for their tireless work, strategic focus and foresight. Finally, I would also like to thank our staff under the assured leadership of Chief Executive Officer Lynne Gallagher. Lynne has built a team to maximise our capacity and effectiveness in driving outcomes against our new strategic plan and the Board has great confidence about what we can achieve together in years to come.

Louise Sylvan AM
Chair
Energy Consumers Australia



FROM THE CEO

As we reach the end of 2021-22, our community is experiencing unprecedented shocks in the energy market with challenges in keeping the lights on, combined with higher energy costs, as regulators announced electricity price increases in mid-2022 of up to 20% around the nation.

“

We hope that by outlining our vision for the future, our strategic impact priorities, work program and values in our Strategic Plan, our stakeholders will see clarity and cohesion about what we do and why.

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Most expectations and forecasts see retail electricity and gas prices remaining elevated at a time when we have some of the highest levels of bill stress and energy debt in recent memory, in the wake of the pandemic.

These issues affect everyone, but there is also a concerning and growing energy divide underlined in our latest Energy Consumer Sentiment Survey which shows energy costs account for up to 12 per cent of household income for those on the lowest incomes - more than four times the national average.

The root causes of this energy affordability crisis are beyond the control of energy consumers themselves and it is understandable that this has an impact on trust, a fact underlined in our community 'Pulse' survey in June (which showed a drop in consumer sentiment and confidence).

We know from our research that consumer trust and confidence in the energy market closely track energy affordability trends. When affordability is under control, consumer confidence rises, which opens the door for market reforms critical to a successful energy transition centred around consumer

participation and consent.

When affordability seems out of control the task is more challenging, for all in the energy system. At such a time there is more pressure on system planners and decision makers to understand and meet consumer expectations when it comes to current and future decisions. There is also more pressure on consumers, in the form of higher bills and the stress that comes with them. All of that means there is more pressure and more expectation on us as an organisation that strives to explore and amplify consumer voices, carrying them persuasively into the processes where decisions are being made. Never in ECA's history have there been so many competing demands for our time, energy and resources. This means it is more important than ever that we deploy our efforts in the areas that matter most to consumers and where we can have most impact on their behalf.

One way to think about our response to these challenging times is that we are seeking to define a new energy grand bargain or compact between

consumers and the institutions that manage the energy system, one that is founded on social license.

To bring this into reality, we have identified three impact-areas in our new Strategic Plan 2021-24: driving affordability for households and small businesses, creating more individualised energy services, and a more modern, flexible and resilient energy system.

For us, this is what a “good” transition looks like, and it requires us to do many things well. Clearly, the decarbonisation aspect of the energy transition is critical, but equally important is how we support the ongoing decentralisation of the energy system.

If we do these things together and do them well, we will deliver on our aspirations to address climate change through the energy transition, and we will bring the community with us as partners in that change, making the future system sustainable, fair and effective.

This year’s Annual Report draws a clear line between the tangible actions we have taken in 2021-22 and the vision in our strategic plan that consumer values, expectations and needs drive a more modern, flexible and resilient energy system.

We hope that by outlining our vision for the future, our strategic impact priorities, work program and values in our Strategic Plan, our stakeholders will see clarity and cohesion about what we do and why. To ensure this is the case, we have invested significantly in our communications and stakeholder engagement, as well as measuring our success as you see it, through our new annual stakeholder survey. Further, we have enhanced our leadership team, and have dedicated teams that focus on a

least-cost energy system transition, innovation in business models and services and energy inclusion.

I would like to add my thanks to all our peers and stakeholders who share our cause to drive change across the energy system for the benefit of all residential and small business consumers. Thank you to all our hardworking staff who dedicate their working lives to this mission. Finally, thank you to the Board under our Chair’s leadership for their support and foresight, which has been critical in a year of re-imagining and executing our organisational strategy.

Lynne Gallagher
CEO
Energy Consumers Australia



OUR WORK - HAVING AN IMPACT



1 Affordable energy for households and small businesses

✓ Embedded technical expertise
from the consumer perspective in AER's Rate of Return framework, **putting downward pressure** on network component of energy bills

✓ Applied downward pressure on prices
set in the default market offers with evidence-based submissions and advocacy

- Created the **Consumer Empowerment Funding Program** to increase capabilities among consumer representatives in network revenue setting processes
- Successfully advocated for new Export Tariff guidelines which embed whole-of-system benefits for consumers and a positive incentive to export power
- Helped to build the evidence base and increase transparency around the gas and electricity costs facing small businesses through our Retail Tariff Tracker
- Significantly increased investment in small business research and advocacy, including record investment under our Grants Program

2 Individualised energy services that give consumers choice and control

✓ Successfully shifted our sector language
from 'distributed energy resources' to 'consumer energy resources' to position consumers at the centre of energy transition policy

✓ A new, trusted information source for consumers
to base decisions about energy technologies with our campaign **Plug in** and our Consumer Advice hub for managing energy bills

- Ignited a sector-wide conversation about re-building 'social licence' and put it into practice, developing a framework with AEMO to underpin management of solar exports and minimum demand requirements
- Worked with market bodies and government to capture the positive learnings from the pandemic to improve consumer support frameworks
- Funded our first Collaboration Grant, on essential housing reforms under new Grants Program structure, to understand consumer values, preferences and needs in energy performance of buildings



3 A modern, flexible and resilient energy system

✓ Built a better understanding of how microgrids can boost community energy resilience
with a new collaboration initiative in regional Queensland

✓ Helped re-think energy system roles
and responsibilities in response to a crisis, with a new longitudinal study on disaster resilience after bushfires

- Collaborated with technical experts to embed consumer experiences in the work by ARENA to design Dynamic Operating Envelopes
- Lodged submissions to the NSW and SA Governments on the importance of consumer values to drive smart meter investment and reforms



4 Your voice heard



Significantly increased our use of digital channels,

including tripling LinkedIn engagement and enhancing capability for direct consumer engagement



A bigger voice for consumers

- enhanced media profile with **200+** news articles and **550+** broadcast appearances



Carried consumer voices to key reform processes with

33
submissions



on major reforms, market developments and public consultations



- Launched our new Energy Consumer Behaviour Survey to embed knowledge of consumer preferences in decision making about energy transition issues like electrification and energy use
- Further cemented our flagship energy event with record participation in the Foresighting Forum, as a COVID-adapted 3-part webinar series

5 Strategy & Governance – Living our values



Executed new impact-based Strategic Plan

and Performance Framework and refreshed our **Strategic Risk Map**



Continued to provide a great working environment with more than

80% of employees reporting **high satisfaction**



Embedded 'impact-based' reforms in our Grants Program and **delivered \$2 million** in funding with more support to our partners

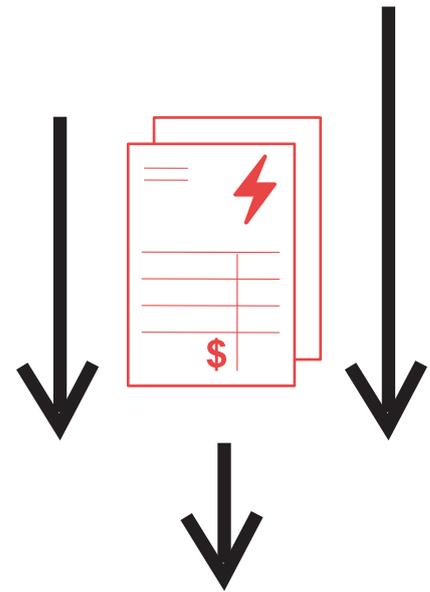


- Bolstered in-house capability to execute our Strategic Plan with an enhanced leadership team and new organisation structure
- Simplified processes for grants applicants with our new, online grant application and administration system

Affordable energy for households and small businesses



Our strategic focus on affordability acknowledges that consumers rely on energy for comfortable homes and competitive businesses.



After recent years in which retail prices fell by up to 10 per cent, 2021-22 saw prices increase for households in most states and territories, largely driven by higher wholesale prices, extreme weather events and increasing fossil fuel prices. The May 2022 update to the Australian Energy Regulator's Default Market Offers and the Victorian Default Offer reflected this and rose by up to 20 per cent for households around the country.

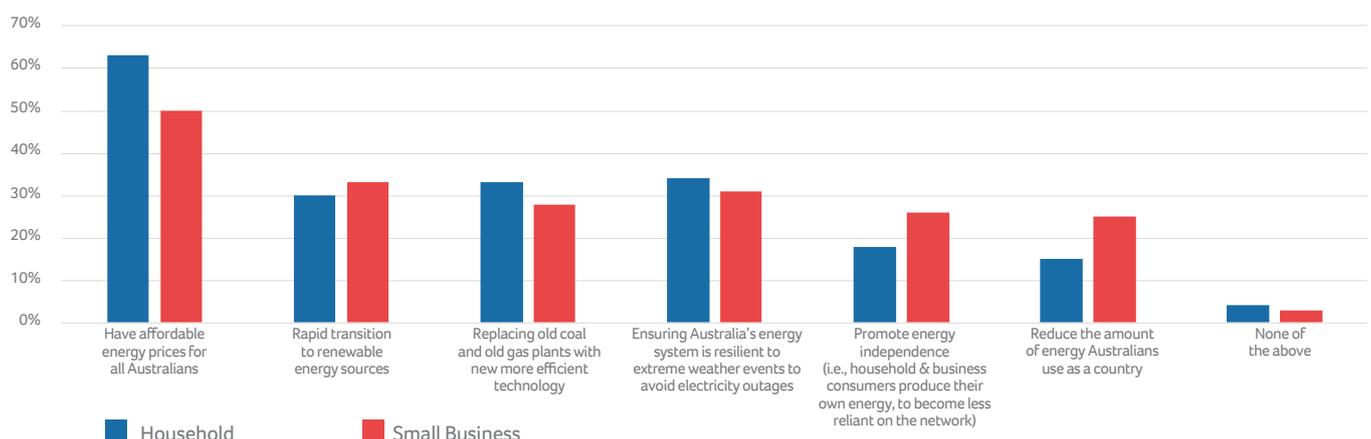
Our small business Retail Tariff Tracker released in June 2022 found that electricity bills were on the rise, and the July default offers saw average bills increase by up to 20%, or over \$1000.

Further adding to consumer anxiety, we finished the financial year with concerns about spiking gas prices and energy shortfalls, as much of the nation experienced a colder-than-usual start to winter, culminating in the Australian Energy Market Operator suspending the electricity spot market. In June, Energy Ministers agreed on urgent steps to address the crisis and to working together on a National Energy Transformation Partnership.

The lesson in energy market volatility has served as a timely reminder of why affordable energy for households and small businesses is one of three key impact areas identified in our 2021-24 Strategic Plan.



Figure 1: Consumer views on the most important challenge ahead for the energy system





Our latest Energy Consumer Sentiment Survey, published in June, confirms that affordability is a critical issue for customers, particularly household customers, who have singled out affordable energy prices as the most important challenge for the energy system.

We are witnessing a growing energy divide in Australia. Our Energy Consumer Sentiment Survey shows that while half of Australian households pay between 2-3 per cent of their income on electricity costs, the other half pays between 3-12 per cent. As the cost of living increases, higher energy prices will put more households in financial stress, and we have highlighted the need to provide short, medium and longer term policy measures to take the pressure off energy costs.

For the first time in five years, household satisfaction with the value for money of electricity services is decreasing, falling from 70 per cent over a year ago to 61 per cent in June 2022.

We are yet to see small business satisfaction reverse, which typically responds with a lag to retail electricity price changes. Compared to a year ago, satisfaction with the value for money of electricity is high at 76 per cent (up eight per cent compared with June 2021).

Household anxiety about market outcomes was further underlined with a 6 per cent drop since June 2021 in confidence the market is working in the long-term interests of consumers.

To address affordability requires a focus on both prices (or total system costs), which are largely beyond consumers' control, and how energy use impacts on consumer bills.

The scale of investment required in new renewable generation, assets for firming (including storage) and networks to support the emissions reduction in the energy system is enormous. The task is to ensure that this investment in long-lived assets is efficient, at least cost and not at any cost. It is consumers that pay for this

Figure 2 – Energy bills as a proportion of household income in Australia



investment and bear the risks of gold-plating. Our three specific priorities in this impact-area are:

- The rate of return on network investment is in the long-term interests of consumers
- Least cost electricity and gas distribution network infrastructure
- The market design is fit for purpose to ensure system security

Impacting the rate of return on network investment

The rate of return determined by the Australian Energy Regulator (AER) impacts about half of the network allowed revenue, which in turn is about half the consumer bill, meaning it has a significant impact on retail electricity and gas prices paid by consumers.

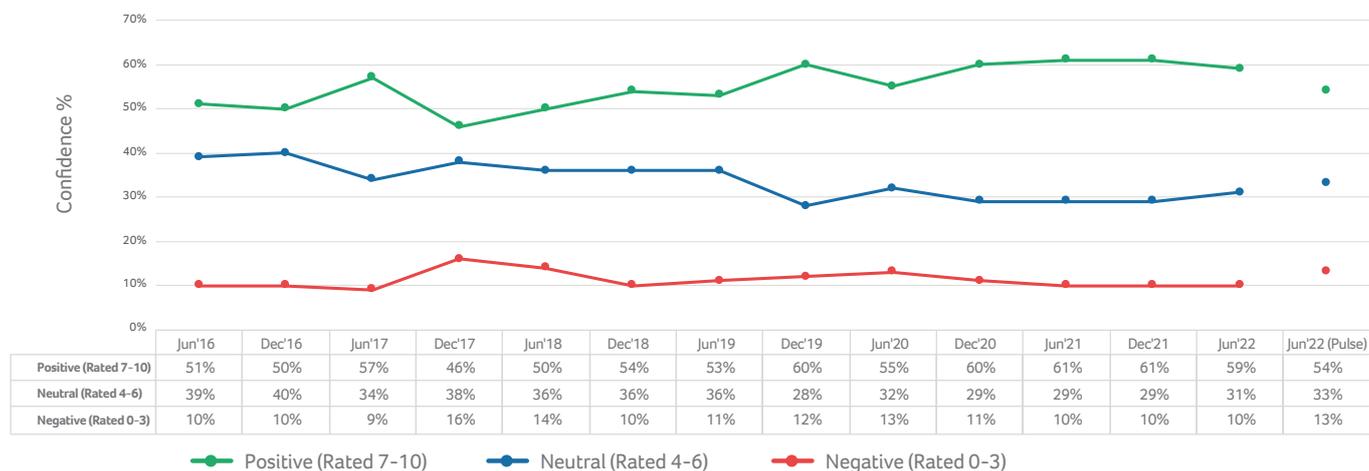
Having identified this as a strategic priority in 2020-21, we sought to bring a much-needed consumer perspective to the regulator’s determination of the 2022 Rate of Return Instrument via our participation in the Consumer Reference Group.



We play a unique role in supporting the Consumer Reference Group, bringing an expert and evidence-based perspective of consumer attitudes and interests to the AER’s decision making, helping it calibrate its determinations about future investment.

To support the work of the Consumer Reference Group, we committed \$200,000 over three years for commissioning technical expertise, building its evidence base and to bolster its advocacy work in the long-term interests of consumers.

Figure 3: Trend in household consumer satisfaction with value for money of electricity





Our support for other advocates, including technical input to their submissions, is an important part of our focus on addressing the systemic drivers of high energy bills. This work has become increasingly important as we move into a period of higher inflation and interest rates.

Empowering consumer advocacy to drive lower energy network costs

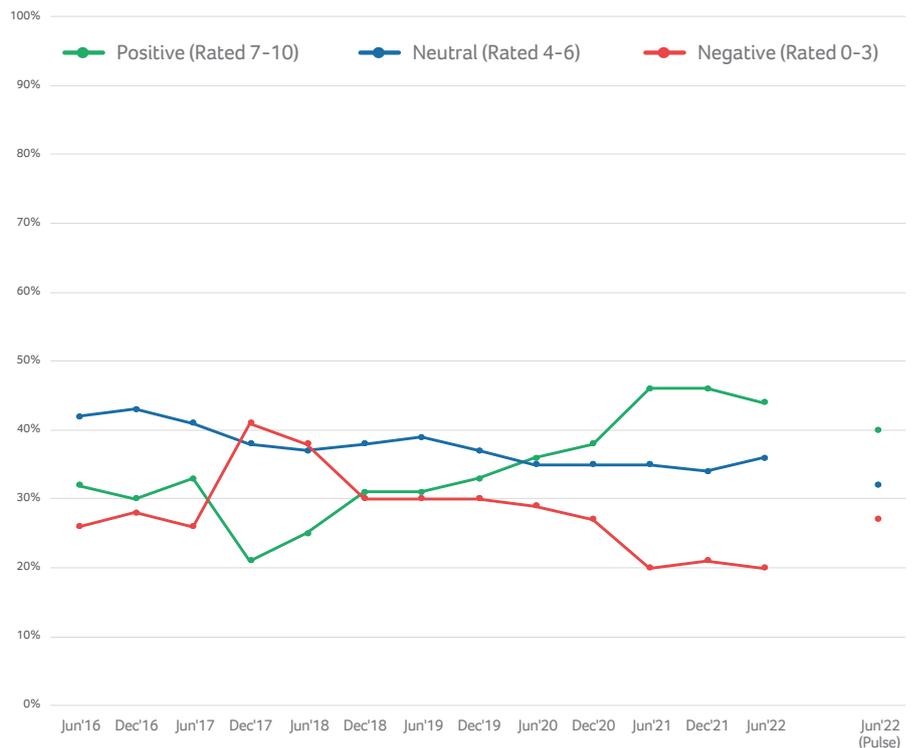
We have played a significant role in specific energy network revenue-setting processes since the foundation of Energy Consumers Australia. Based on feedback from stakeholders, recognition of the increasingly mature, localised network consumer engagement approaches, and a desire

to multiply our impact on consumer engagement, our role has shifted to supporting effective engagement by others from the community.

Our *Consumer Empowerment Funding Program* was launched in June 2022 and will support consumer and community representatives directly involved in revenue-setting engagement processes to amplify their own voice by providing funds to access technical expertise and advice, independent report and submission writing, training and other forms of capacity, collaboration and capability support.

This amplifies our impact and is in line with our strategic focus to arm stakeholders with the “knowledge, skills and resources to seed and catalyse change, individually and in

Figure 4: Trend in confidence the energy market is working in consumers’ interests



collaboration with other consumers in the longer run”. It also allows us to focus on the broader systemic issues driving network and other energy costs, many of which are addressed in the following sections.

Fit for purpose market design to ensure consumer benefits and system security

Demand for energy is forecast to double over the next 20 years; however, doubling infrastructure is not an option without causing inordinate increases in energy prices. Australia lags the rest of the world when it comes to managing the energy network, particularly the location of large-scale loads and storage.

This is why addressing the systemic drivers for a more efficient network, with increased capacity utilisation, is a priority in our strategic plan and work program. In 2021-22, we increased our direct engagement with the regulator, market operator and energy providers on important strategic issues that determine resource adequacy, essential services, ahead scheduling, and transmission and access arrangements, both in our own right and in collaboration with other advocates.

This included our advocacy for Transmission Access Reform through the Energy Security Board’s consultation process, including its Project Initiation Paper on the Congestion Management Model. We urged the adoption of this Model, which combines congestion charges and rebates to encourage generators, storage and hydrogen providers, to locate in Renewable Energy Zones. As part of this work, we funded a consultant to support the primary consumer voice on the technical working group with the Energy Security Board.

We also engaged in development of the Australian Energy Regulator’s Export Tariff Guidelines, published in May 2022. These recognise new rules aiming to integrate consumer energy resources, such as small-scale rooftop solar and batteries, more efficiently into the electricity grid. Previously, distribution services involved one-way flows of electricity from the grid for consumption. The change to the National Electricity Rules clarifies that distribution of energy is increasingly a two-way street. That is, they include both the “import” of energy from the grid *for* consumption and the “export” of energy to the grid *from* consumers.

In this process, we conducted new research into consumer expectations about exporting solar power, engaging closely with the Total Environment Centre and Australian Council of Social Services, given the research undertaken was relevant to their advocacy work. That enabled advocates to engage with the Australian Energy Market Commission (AEMC) and the Regulator’s process to develop the export tariff guidelines, in a way that drew from a single evidence base about consumer values in this area. The research was also presented at one of the regulator’s stakeholder forums to broaden awareness of its findings and implications.



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





KPI 4A.1

New research, policy proposals or rule changes to address systemic issues, with two “thought leadership” papers published annually

From the research, we engaged in the consultation process and presenting at the AER forum, recommending the guidelines clarify that network engagement with retailers should occur while the tariffs are being considered rather than after they have been created and that extensive analysis considering multiple factors should be undertaken to justify inclusion of export tariffs within a Tariff Structure Statement.

Our views were overwhelmingly reflected in the published guidelines, on the principle that export pricing should be: ‘rare, effective and observable’. This means they should be set to reflect the level that most homes can export and that retailers make prices easily observable on bills so consumers can respond.

This approach moves beyond a simple charge for export, instead embedding whole-of-system benefits by combining a price signal with clear information and a positive incentive to export when there is an energy supply shortfall.

Finally, we continued our focus on putting downward pressure on prices set out in the default market

offers set by the AER and Victorian Essential Services Commission with four of our 33 submissions in 2021-22 addressing this issue. We argued for lower retailer margins and factoring in lower costs from productivity improvements we should expect from retailers, whereas the current framework largely focussed on increases in costs in the supply chain.

All of this work has been critical in applying an affordability and consumer values lens to some of the more critical decisions being made about the energy market in 2021-22, up and down the supply chain. We have sought to ensure that not one more dollar is spent one day earlier than required on the big decisions to imply costs to consumers. In some cases, we have done this through direct advocacy where we can apply deep technical expertise, but in many cases, we have recognised that others are better placed, and instead resourced their work, or worked under a collaborative and collective impact model of engagement.

The impact of all this work is better value for money infrastructure, at the same time as consumer expectations about the security and reliability of their energy supply are met.



GREAT GRANTS:

Tariff tracking and price analysis project



Having access to accurate and timely data is crucial if consumers are to select an energy retailer and product that suits their circumstances. Yet, third parties have traditionally faced substantial barriers to accessing this information, ranging from concerns about privacy through to consumers' general lack of awareness about their rights.

St Vincent de Paul Society, a charity dedicated to supporting disadvantaged Australians, recognised this challenge more than a decade ago and began investigating ways to make the market more transparent, particularly for consumers who could least afford to be locked into expensive energy deals.

The Vinnies' Tariff-Tracking project has been monitoring and reporting on changes to residential energy tariffs since 2010. Initially the research was self-funded and contained to the state of Victoria, however, with the support of Energy Consumers Australia, it has since expanded to most other states. It is the first and only open source of data on retail electricity and gas prices.

Reports – both national and state-specific – are released at least annually, giving consumers, consumer advocates and other stakeholders previously inaccessible insights into electricity, gas and solar price movements, market developments, such as new entrants and products, as well as policy changes.

Following the release of the most recent national report, the Australian Government's Energy Made Easy comparison website attracted increased traffic, with visitor numbers up 80 per cent on the previous week. Searches for energy plans almost doubled.

The tracking data is also informing policy and procedures within St Vincent de Paul Society, ensuring that staff and support workers have relevant information to ensure that vulnerable clients "are not getting ripped off" and informing numerous regulatory and policy reviews, while consumer groups and other stakeholders have been using the reports to produce research for submissions.

Individualised energy services that give consumers choice and control



To succeed in the energy transition, we need both a least-cost energy system as well as supporting consumers with new business models and services to play an active and constructive role in managing their energy use and generation.



The Integrated System Plan 2022 assumes that the generation from solar on rooftops will exceed all but the largest generators and the storage capability in homes and businesses will be almost twice as big as pumped hydro and utility scale batteries. Further, according to an ARENA study, the capability for consumers to adapt and be responsive in their demand could result in cost savings to the system and to consumers themselves as much as \$18 billion.

Not all households and small businesses have the same means, opportunities or capabilities to access technology and manage their energy costs. For this reason, while creating more individualised energy services is the second key 'impact area' prioritised in our Strategic Plan 2021-24, we prioritise energy inclusion in our work.

Our work in 2021-22 in this area has focussed on four areas:

- 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

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. To inform this agenda, this year we undertook considerable work to grow the evidence base about consumer values, expectations and needs in relation to new energy services.

We evolved our Energy Consumer Sentiment Survey, which is now coupled with a dedicated Energy Consumer Behaviour Survey that asks consumers how they use power and new energy technology, their attitudes to technology, and how they see the future of energy for themselves and their communities.

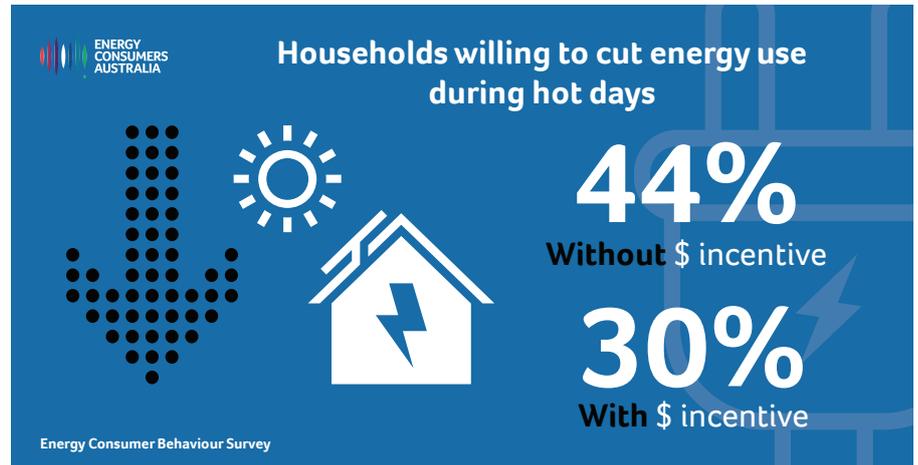
This is providing rich insights to guide some of the big decisions ahead: from electrification to electric vehicles, to a more flexible approach to managing peak energy demand and accessing cheaper electricity during the day and overnight. This work builds on knowledge gathered in recent years including in Power Shift, our Forethought research and the ongoing collaboration led by Monash University



KPI 1A.2

Consumer research undertaken on a regular basis with ECSS published in June and December; ECBS published in September; and SME Retail Tariff Tracker published in June and December

Figure 5: Some findings from the first Energy Consumer Behaviour Survey



in the Digital Energy Futures Program, along with the growing evidence base from our Grants Program.

To build connections across our current behavioural research program, the survey also includes questions that contribute to the Digital Energy Futures study.

These broad behavioural insights are being continuously evolved through dedicated research with consumers about issues pertinent to our workstreams and policy focus. This has formed an integral part of our advocacy to governments and regulators in 2021-22, particularly when addressing the two energy transitions. An example of this is using our knowledge of consumer attitudes and behaviours, supplemented with bespoke qualitative research, to understand consumer bill and tariff preferences. This work undertaken in 2021-22 will inform policy makers and industry about how consumers manage their energy bills and their interest in different types of tariffs, which will be critical to help consumers keep their bills down.

We also took our knowledge of consumer preferences and behaviour to policy forums on electric vehicles, including through our role in the Electric Vehicle Grid Integration Workstream Group (part of the ARENA Distributed Energy Integration Program) which has a focus on EV data availability, standards, residential tariffs and incentives, and high-capacity tariffs and incentives. This is ongoing work which we will continue into the second half of 2022.

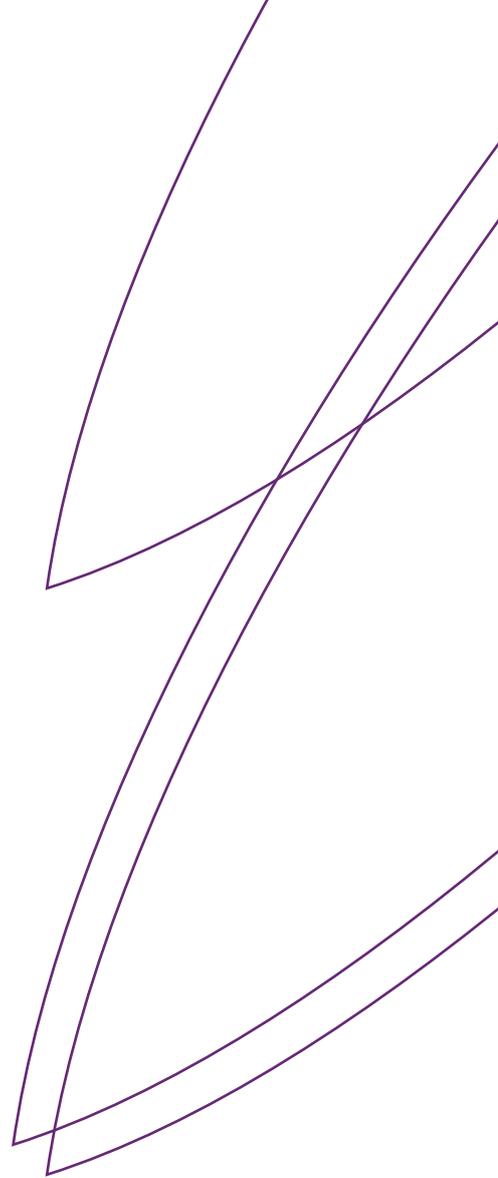
Our strategic plan also has a clear focus on supporting sector-wide advocacy in this area. Understanding the huge volume of government engagement and reform underway on the two energy transitions, this year, we completed a comprehensive summary of the policy landscape, from the supply chain to household generation schemes, providing a clear reference point for sector advocacy. Released in August 2021, the report, coauthored with KPMG Australia, is called *Australia's Energy Transition: A Snapshot of the Changing Policy Landscape*. This work represents a valuable new resource.

More great insights from the Digital Energy Futures Project

This is our third year working with Ausgrid and Ausnet Services, in the Monash University-led \$2.3 million Digital Energy Futures Project. This project is helping us understand how people are using such technologies on a day-to-day basis in their homes and businesses, and how social practices around energy use are adapting.

In 2021-22, the project published a new Demand Management Opportunities report identifying 15 tailored approaches to better align energy use with change in Australian households across seven daily practices of healthy indoor air and thermal comfort, charging devices, food consumption, caring for the household's occupants, working at home, and energy creation and storage. These included: adapting summer peak demand advice to new ventilation practices and health needs, providing opportunities to trade and share electricity, including as a gift to other households, supporting improved temperature control like better insulation and building materials, and educating the public on the energy expended for water heating and encouraging a switch to solar energy for hot water.

This work builds on research in the first two years of the project and is providing important learnings to inform our advocacy.





Protecting consumers in rapidly evolving markets

In 2021-22, we dedicated significant resources to policy discussions and developments focussed on better supporting consumers to make informed choices and decisions that impact their energy bills and ensuring that the regulatory frameworks remain fit for purpose.

One of the critical developments of 2021-22 is the improvement of consumer protections in the Australian Energy Regulator's review of the National Energy Customer Framework. Our advocacy started with re-framing the question asked in consultation from 'what should retailers be required to do to protect consumers?' to 'how do consumers use energy services and therefore how can you give consumers agency over their energy choices?'

This broader and more positive approach to consumer protections flows through to our work on the New Energy Tech Consumer Code Council which is helping guide implementation of this new framework. The Code sets a standard for what consumers can expect from energy technology companies across all aspects of the customer experience with new energy technologies – from marketing, to quoting and installation.

Last year we successfully defended the Code in the Australian Competition Tribunal. This year, we focussed on supporting the Code's implementation and creating a new consumer-facing campaign called Plug in. The campaign includes a dedicated website and consumer information resources, with evidence-based information on how to access, buy, install, and use new energy technology.



Plug in provides consumers with a reliable source of information and practical advice such as step-by-step guides on a range of topics, including home solar, battery storage, going off-grid, and buying an electric vehicle. As well as providing practical advice, the site features blogs that aim to bust common myths and misconceptions around energy technology.

The advent of both pressures on energy bills from rising prices and risks of power outages, led to our enhancement of consumer advice and resources, in our media engagement and through our Consumer Advice hub on our website. We now include a greater depth of information about where to get government assistance, support for vulnerable consumers and those facing an energy problem, such as billing or account issues.

Fit for purpose frameworks to support consumers in vulnerable circumstances

This year, we created a team within Energy Consumers Australia which is exclusively dedicated to energy inclusion. This allowed us to commit more time and focus on consumer segments, including those in rental housing as well as 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.

Both our flagship research projects, the Energy Consumer Sentiment Survey and Behaviour Survey, had a very strong focus on energy inclusion. Our latest survey found 14 per cent of respondents nominated themselves as

being under financial pressure – much higher than the proportion on hardship arrangements with their retailer. These customers are less satisfied on a range of measures such as customer service and communication with their energy provider. They are also far less confident in their ability to engage with the market.

The AER’s Draft Customer Vulnerability Strategy provided a useful forum to encourage a more accurate definition of ‘customer vulnerability’, to recognise how households and small business encounter barriers to affordable energy bills. Vulnerability is situational – people can be vulnerable in one circumstance and not another. Those who live in energy inefficient housing, or who are unable to install solar PV or batteries face higher energy bills. People who can’t find timely and

Figure 6: Consumers under financial pressure find it more challenging to engage

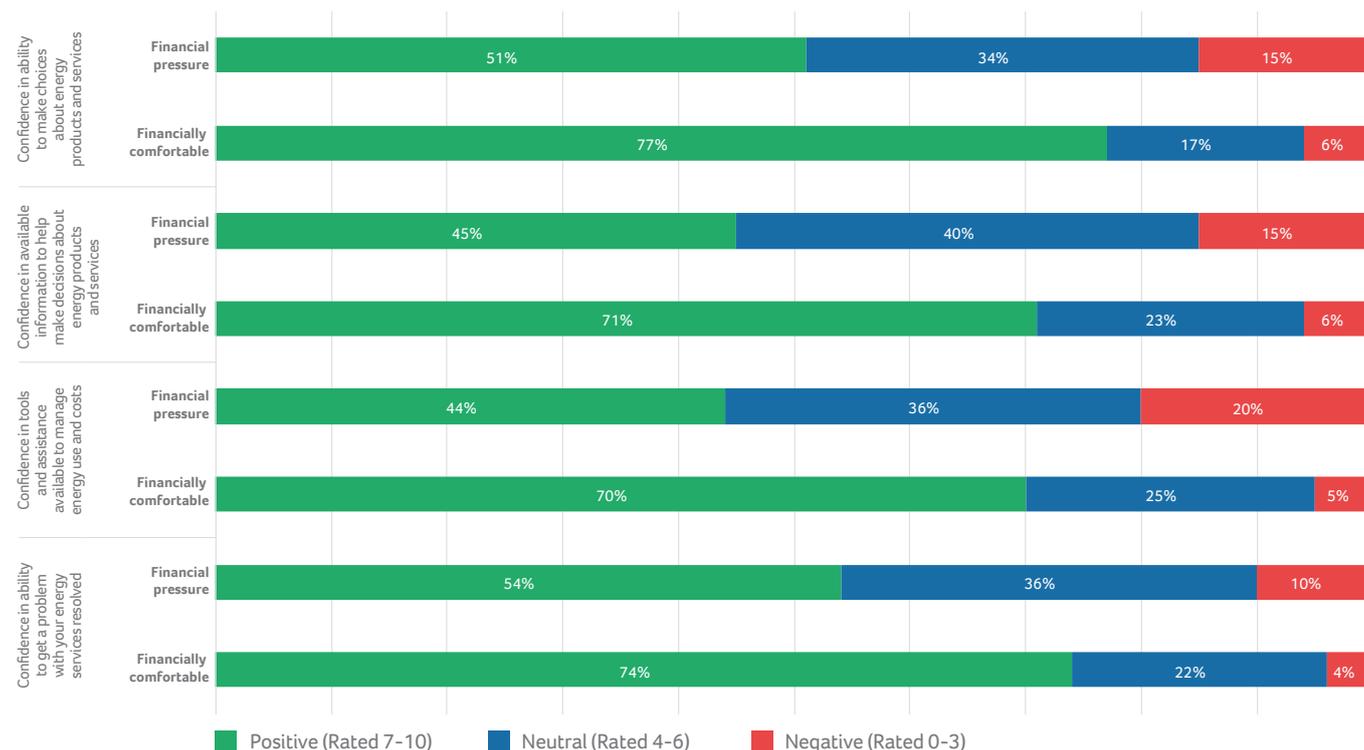
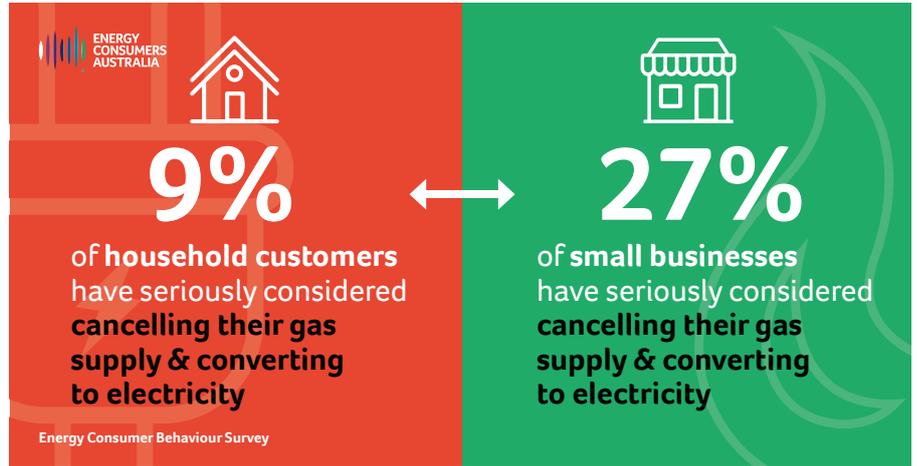




Figure 7: Our Energy Consumers Behaviour Survey looks at electrification



accurate information and tools to help them manage their energy usage will pay more for energy than they need to.

COVID saw new types of vulnerable consumers emerge, including small businesses. We asked the Regulator to focus on how we build resilience and create a more inclusive system that helps people engage in the market. At the end of 2021-22, we continued to work with the AER on the objectives and actions outlined in the Strategy.

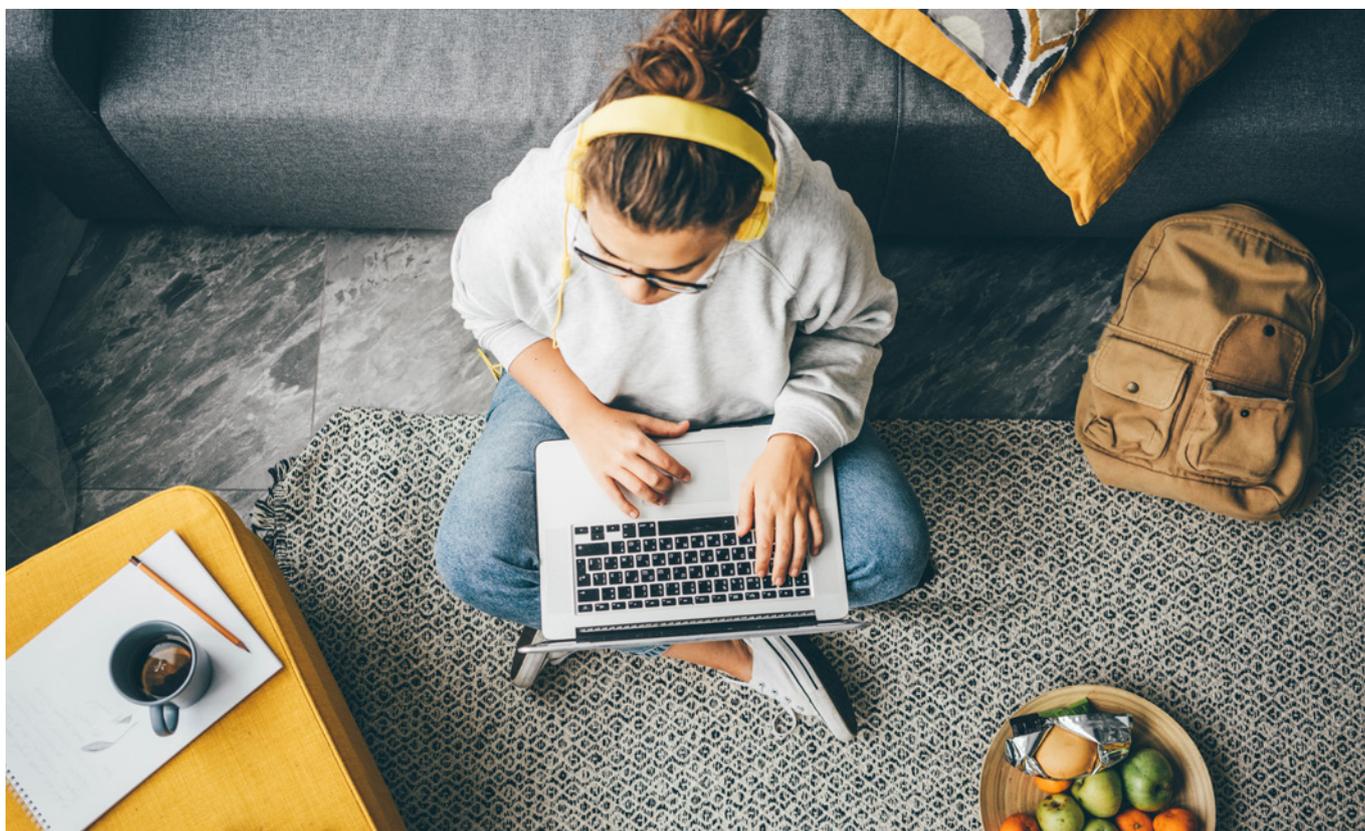
As we move beyond lockdowns and other pandemic disruptions of 2020-22, we wanted to ensure the lessons of this period are not lost but used to improve the way we support households and small businesses, particularly those under stress. As part of this, in the second half of the financial year, we engaged with the Commonwealth and jurisdictional governments to consider what assistance worked through COVID and could be built into the regulatory regime going forward. We provided a grant to the Council of Small Business of Australia to explore these issues among Australia's small business community. The research uncovered

a significant post-COVID hangover, with 1 in 5 small businesses having a significant outstanding COVID energy debt. The research also provided insights into issues like the reluctance of many businesses to seek help for fear of being labelled and the importance of flexible payment arrangements for those in hardship, both of which have implications for the wider regulatory framework supporting small businesses in hardship.

A fair transition to low energy homes and businesses

In 2021-22, we were active in collaborating on policies and programs to support the transition to more energy efficient buildings and appliances, and fuel switching with the electrification of heating and private transport.

With an increasing focus of the role of gas in the future energy system and the trend to electrification, we have doubled our efforts in this area, firstly to understand the way consumers see this issue, and second to carry those insights to decision makers, with our stakeholders.



Our research in the Digital Energy Future Project shows high energy costs are driving increasing interest among households in a shift to ‘all electric’ homes. But the project found that consumers are reluctant to discard appliances that still work and are concerned new appliances or technologies will not perform in the same way. Very few consumers in our Energy Consumer Behaviour Survey said they had seriously considered electrifying their homes at this stage.

Electrification is nonetheless a change that is gathering pace and as part of the Victorian Government’s Gas Substitution Roadmap, we argued that targeted research was needed on behaviours, preferences, and attitudes towards switching off gas.

Another area of focus this year to support a fair transition to low energy homes and businesses was Australia’s leaky building stock. It is a concerning fact that the nation’s existing dwellings have an average energy performance of only 1.7 stars. Our first Energy Consumer Behaviour Survey found that those under financial pressure report having the lowest amount of ceiling and wall insulation. We see 68 per cent of Australians who consider themselves financially comfortable reporting that they have ceiling insulation, compared to just 45 per cent of Australians living under financial pressure. And 40 per cent of those who are financially comfortable say they have wall insulation, compared to 26 per cent of those who are under financial pressure.

These gaps are even wider when we compare homeowners and renters, with 73 per cent of homeowners saying they have ceiling insulation, compared to 37 per cent of renters.

To help advance policy making in this area, we collaborated with Renew in a major research project to understand consumer values, preferences and needs on improving the energy performance of buildings. The research is asking consumers what they consider to be an energy efficient home, and their views on some of the reforms being considered by Energy Ministers. The research is informing our and Renew’s representations to decision-makers in the proposed revision to the National Construction Code 2022 and the Trajectory for Low Energy Buildings – a national plan that



aims to deliver net zero energy homes. This was our first Collaboration Grant under the restructured grants program.

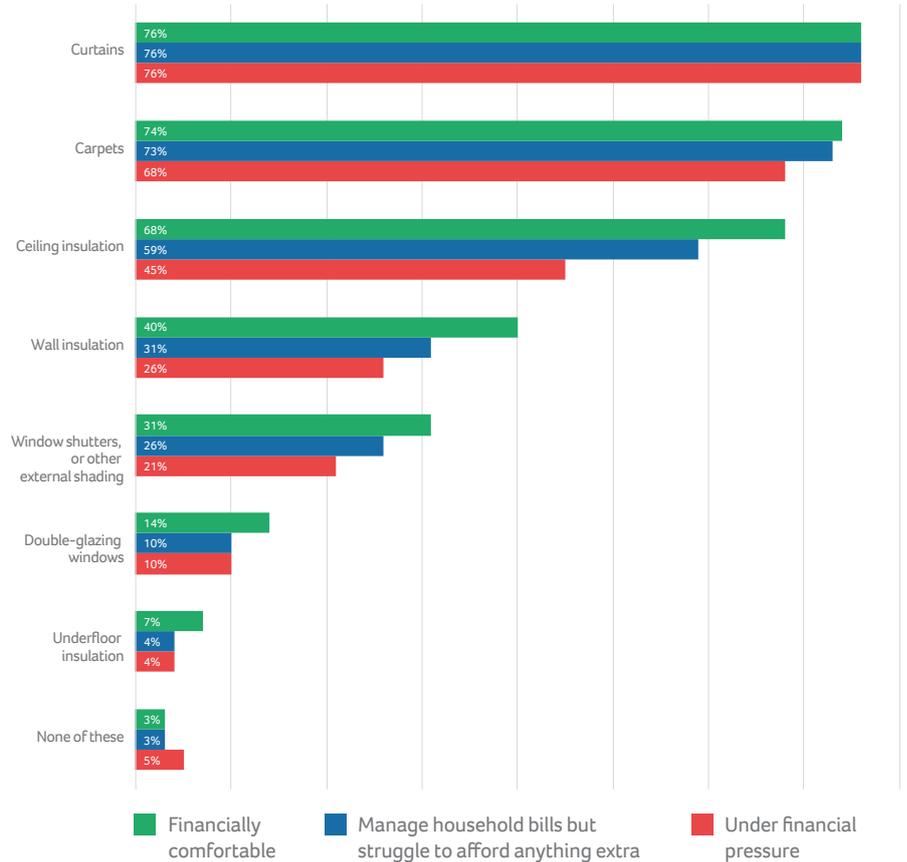
All this work is having an impact on policy and outcomes for consumers. The Australian Building Codes Board recently released its draft energy efficiency rules for the 2022 National Construction Code, which include an increase in minimum standards for newly built homes from 6 to 7-star ratings, under the Nationwide House Energy Rating Scheme. The proposed changes also include assigning an ‘energy budget’ for new homes – a change that would encourage the adoption of more efficient appliances by allocating a total amount of energy that can be used for heating and cooling, hot water systems,

lighting and pool pumps. Household energy budgets would not include electricity generated on-site, further encouraging the installation of rooftop solar systems.

The outcome of our work in this impact-area is that energy services are developed around the needs and values of consumers, who want less complexity to cloud their decisions making about energy. This creates a greater sense of control and confidence that they have the information and tools they need to engage with energy services, which is fundamental to a successful transition from a centralised, emissions intensive energy market, to a decentralised, decarbonised one that relies on consumer participation.



Figure 8: Our Energy Consumers Behaviour Survey shows a significant insulation divide



GREAT GRANTS:

Renter Researchers (Winter)



Keeping warm in winter is something many of us take for granted. However, for the eight million Australians who live in rented accommodation, it's frequently out of their control.

Australian housing is generally inefficient, which means our homes leak heat in winter and cool air in summer, resulting in increased energy bills, added climate pollution and greater strain on the grid. Inefficient homes also cause harm – there is a growing and significant evidence base that a home's thermal efficiency is a critical influence on physical and mental health. ECA's Power Shift research underlined the critical relationship between housing, energy and residents' health and wellbeing.

Supported by Energy Consumers Australia, Renter Researchers is a citizen-led science advocacy project designed to empower renters to use their own experiences to advocate for minimum energy efficient standards for rental properties. Led by community organisation Better Renting, participants tracked the indoor temperatures of their homes during the winter months and provided feedback on how the cold affected them and their health.

Better Renting, which was founded by Joel Dignam, a 2020 Gill Owen Scholar, is helping to give a voice to renters by strengthening the network of organisations working on issues related to housing, energy, and health.

Better Renting has also been the recipient of an Energy Consumers Australia grant to advocate for minimum energy efficiency requirements for rental properties across the country. This has led to the establishment of a national coalition, Healthy Homes for Renters, which comprises more than 100 organisations united in their aim for minimum standards in all jurisdictions. Already, Victoria has moved by mandating insulation, draught sealing and energy efficient appliances, while the ACT has mandated insulation.

Renter Researchers is an empowering and innovative knowledge-building exercise and comes off the back of a successful summer research project.

A modern, flexible and resilient energy system



Australia's energy system is increasingly local and modular, with household and small business activity having as big an impact on how the system operates as the actions of energy generators, networks and retailers.



For example, rooftop solar accounts for around 24 per cent of Australia's clean energy and about seven per cent of the country's total electricity generation. We need look no further than the way peak energy demand impacted the energy system during the June 2022 cold snap to understand the increasing significance of the demand side.

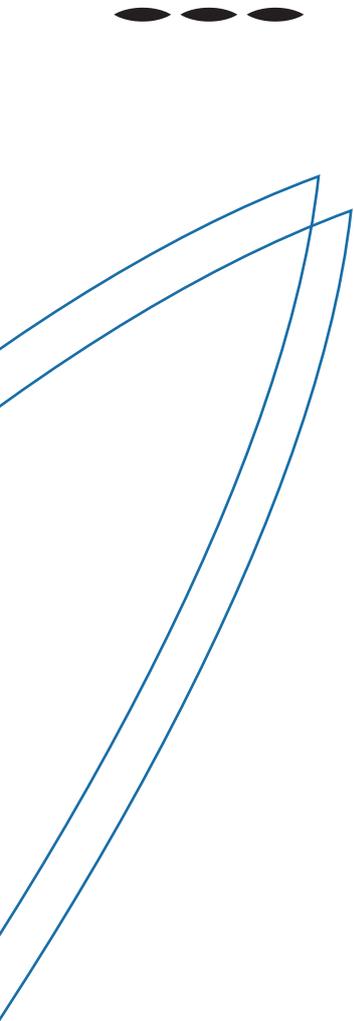
The future energy system consumers want is one where both consumer demand and system supply can more seamlessly adapt to changing circumstances and respond to the changing needs of people and communities. For this to happen, planning and investment choices must be considered by treating consumer actions and assets to meet system needs on an equivalent basis to supply side actions and assets. We will achieve a least-cost future energy system where consumer demand is integrated with supply and not seen as a system "externality".

A prerequisite for this type of market to evolve is the element of trust and the more concrete concept of social licence. Consumers need to trust that energy system actors are working in their interests. This requires companies, market bodies and governments to plan and enact market change with consumers (and with their consent), not simply in their interests.

This is an area where considerable work is required, with only around half of all consumers saying they trust energy companies to do the right thing by their customers in our latest Energy Consumer Sentiment Survey.

For all these reasons, developing a more modern, flexible and resilient energy system is the third impact area prioritised in our Strategic Plan 2021-24. In this part of our work program, we play 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. Our focus is on building trust and social licence for change and for their active participation with consumers.





We have three core priorities, within this impact area:

- Long-term planning for demand flexibility and security of supply
- Alternative supply models
- Distributed energy future “enablers”

Long-term planning for demand flexibility and security of supply

This year, a major focus of our work was rebalancing the way system planning takes place, so that there is as much emphasis on the consumer demand side and how we get consumer assets, technology and activity to work for real people, as there is on the system supply side of the energy equation.

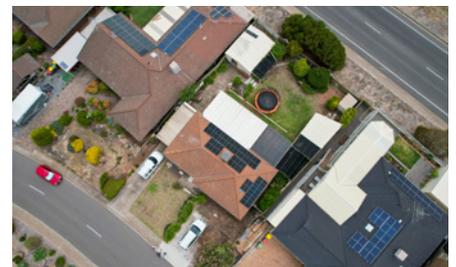
As part of this, we contributed to the development of the Integrated System Plan 2022 (ISP), working collaboratively with the ISP Consumer Panel. We developed evidence and supported advocacy which challenged the Australian Energy Market Operator (AEMO) to meaningfully integrate supply and demand side planning, with a more symmetrical approach to the identification of development

opportunities, options, and risks on both sides.

This included improving the ISP to consider demand side options such as energy efficiency and consumer hot water storage, batteries, and other forms of flexible use with the potential to avoid or defer the need for costly, large-scale infrastructure.

We also took the lead on the related question of including a different type of benefit class in the new ISP, which was initially proposed by the market operator. This new benefit class would have opened the door to ‘market benefits’ from transmission investment based on considerations such as changing market power. We successfully advocated for that to be removed from the ISP, as we believed it would not benefit consumers in the long term and could lead to higher costs.

This work on the ISP is critically important because if we don’t plan to get consumer assets to work for consumers, then there is a high risk we will build more network than is needed at substantial cost to consumers and compromise our social licence for these big system-wide reforms.



While this long-term planning is underway, it is also critical that we address immediate risks of adverse outcomes for consumers now, which can flow from the mismatch between supply and demand. For example, AEMO identified this risk as acute in South Australia due to world-leading levels of roof-top solar. To address this immediate concern, we developed a ‘social licence’ framework with the market operator to underpin management of solar exports and minimum demand requirements. We also worked with the market operator to develop a consumer fact sheet which explains AEMO’s role in managing rooftop solar.

Extending our focus beyond the ISP to the broader question of transition, in 2021-22 we formed a group now known as the ‘2nd Transition Coalition’, made up of retailers, networks, aggregators, innovative energy service providers, CER producers, experts, relevant peak bodies and associations. The group aims to maximise the mutually beneficial participation of consumers, their devices, and resources in the future energy system, while minimising inefficiencies that might arise from failing to understand or respond to consumer behaviours, preferences and decisions. It will urge governments to develop a clear plan for the second transition and where appropriate seeks to incentivise and reward consumer behaviours, creating much-needed alignment between what consumers want and do and what system planners expect and assume.

As part of this work, we commissioned the CSIRO to model the impacts of doing this well, or poorly, and this will contribute to a growing evidence base which demands this issue be elevated in decision making forums of government and market bodies.

The Two Energy Transitions

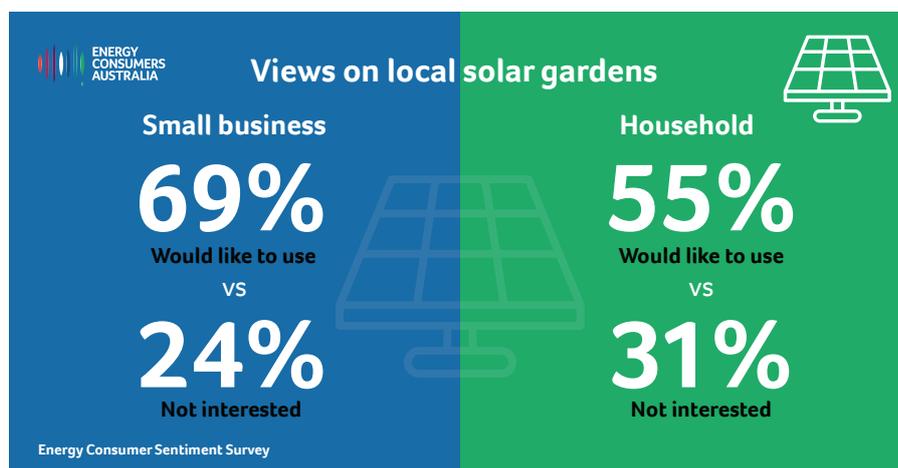
This year, we focussed a great deal of our communications on building awareness and alignment about the two major transitions that sit at the heart of today’s Australian energy system developments.

The first transition is well known, shifting 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 to renewable generation in the form of solar, wind and other sources. How electricity is stored so it can be dispatched when demand spikes is a major part of this transition. Batteries, pumped hydro and other storage solutions must be added to the system in quantities sufficient to deal with the dispatchability and security challenges when fossil fuel generators disappear from the energy mix.

The second transition centres on energy consumers and their behaviour as they encounter new opportunities and limitations with changing technology and social practices. The system is shifting from a small number of large-scale generators to a large number of small ones, conveniently located where consumption occurs.

These two transitions are inextricably linked. Both are necessary but neither is independently sufficient for Australia to arrive at net zero. There is a need for consumer voices to shape the pace and direction of change, and to avoid the price inflating over-building of large-scale generation and network infrastructure, particularly by focussing on the opportunity of the second transition.

Figure 9: Attitudes to solar gardens from our Energy Consumer Sentiment Survey





Alternative supply models

This year, we further progressed our work program that aims to remove barriers to alternative supply models that better meet community needs, such as stand-alone power systems, microgrids, shared storage and shared generation.

We included a number of questions in our Energy Consumer Behaviour Survey, to grow the evidence base about consumer expectations, values and needs in this area. A critical insight was the high level of support for a wide range of alternative energy supply models. Almost 7 in 10 small businesses expressed interest in

connecting to local solar gardens while 6 in 10 households were interested in paying for access to shared community batteries.

While these emerging solutions have broad application, we are keenly interested in their application for building energy resilience, especially in communities with the potential highest pay-off. An example of this is communities exposed to natural disaster risks.

In 2021-22, we continued a focussed work program on resilience, releasing a new report in the wake of the catastrophic bushfires that swept through parts of East Gippsland in late 2019. Released in August 2021, *The Connections That Matter* was based on a longitudinal study, compiled by The Insight Centre, which captures how individuals and communities are impacted during and after a destructive event – and uses that information to advance a national conversation about energy system resilience and the resilience of communities.

Part of that is probing how to anticipate and plan actions to mitigate the effect of power outages, making sure both communities and those who maintain and operate the system are better connected and prepared for a future when extreme weather events will be more frequent and more devastating due to the impact of climate change.

In 2022, we built on this evidence base in a new and connected project with the University of Queensland (UQ) in the regional community of Milla Milla. This ongoing project aims to develop a feasibility study that outlines an effective response to restoring minimum viable electricity supplies to residents in times of crisis. The main difference is that UQ researchers are keen to understand Milla Milla

Changing the language we use for energy transition

A big part of our work program to enable a distributed energy future relates to the way we think about energy technology in households and small businesses across Australia.

There are more than 3 million homes with solar panels, more than 30,000 battery storage systems are being added each year, with millions of Australians expressing interest in a range of energy management options.

Until now, the dominant narrative about energy has positioned consumers and their technology as being sprawled across the system. Consider the term “distributed energy resources” itself, which positions these resources at the periphery. An alternative, and more encompassing descriptor, is “consumer energy resources” given that these assets are, in fact, conveniently located at the centre of the system – where the consumption happens.

As part of the two transitions occurring in our energy system – from emissions intensive to low emissions and from centralised to localised – energy providers need to embrace these consumer resources as central to the broader system. This will reinforce to consumers that their energy resources and the decisions that they make – such as to add more solar panels to their roof or upgrade to an electric vehicle – are integral to designing a system whereby energy is accessible and affordable for all.

We have advocated for stakeholders, particularly decision makers to shift the narrative about distributed energy as part of enabling a more productive conversation about these issues and we have seen this new terminology embraced by many of our peers and decision makers.



KPI 2A.1

Participation in significant review, regulatory and rule change processes with at least 15 major submissions annually (33 submissions developed in 2021-22)

residents' lived experience of power outages and cyclones, and their thoughts on microgrid options and combination of energy sources – which enables the community to co-design the proposed solutions.

This work has served to underline the importance of local, consumer-centric approaches to planning and delivering infrastructure to address the needs of communities, including the need to build resilience.

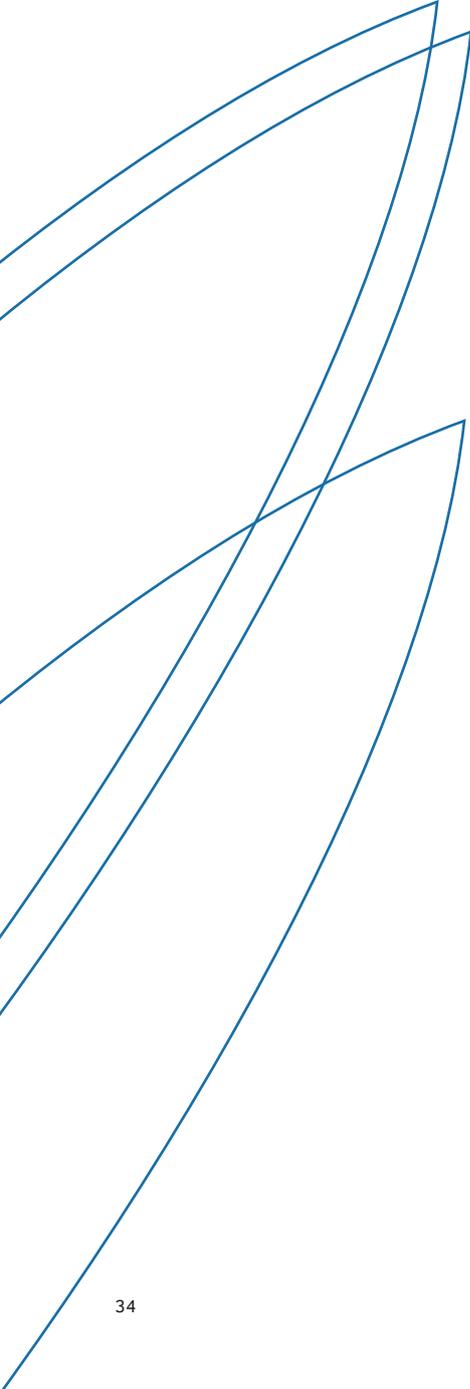
Distributed energy future “enablers”

A great deal of work is underway with market bodies seeking to mature our frameworks that have the potential to better support a decentralised (distributed) energy future.

Our focus in this area can be seen in our engagement and submission to the Energy Security Board's Interoperability Policy consultation paper, which considers what needs to change to allow consumer energy resources, such as rooftop solar or electric vehicles, to be properly integrated into the current energy system to the maximum benefit of all consumers.

Our submission made the case for starting with the question of ensuring social license with consumers to unlock the potential of tapping into their resources for the wider benefit of all consumers. This highlights the importance of addressing the coordination and communication of behind-the-meter resources as well as the implementation of inverter interoperability standards. Understanding and acting upon consumer motivations and expectations towards their energy technology will be essential to the successful integration and development of future interoperability policy.

We provided multiple submissions to market bodies considering these issues, particularly on the questions of how to make sure inverters respond to a signal from the market operator if it tries to intervene, what is the process for developing a technical standard, what are the right arrangements that provide transparency, support ongoing social licence and maintain consumer choice.



Governance and coordination of these technical standards is also a critical part of ensuring we build a system that can deliver on consumers' expectations and needs. We made several submissions to the AEMC Governance of Distributed Energy Resources Technical Standards rule change process where we highlighted the need for a governance framework in developing fit-for-purpose technical standards. Since the final determination, the AEMC has initiated a review of technical standards in the National Electricity Market.

Our work with ARENA's Distributed Energy Integration Program continued, where we are part of a working group established find ways to maximise the value of customers' distributed resources, including the Interoperability Steering Committee which looks at ensuring "behind-the-meter" devices can be co-ordinated.

We contributed to the Outcomes Report of ARENA's Dynamic Operating Envelopes Workstream, penning the chapter, 'Building a Social Licence for DOEs', which discusses the importance of customer buy-in. Establishing social licence to operate at cannot

exist unless the framing of the design and solution of DOEs (and other DEER activities) come from a consumer-outcomes perspective, rather than from the perspective of fixing a system problem. The report is a call to action for industry: engage with the people who make up our energy system and invest in energy resources when designing a future energy system that consumers value and want to take part in. The chapter discusses the critical importance of understanding the consumer journey and experience, informed by looking at each stage of the process of installing, operating and managing rooftop solar. This work drew from previous work including the Forethought and Power Shift research carried out in recent years, showing the continuing benefit of those research programs.

A key outcome from this work is that the Australian Energy Regulator is now developing guidelines for networks on how DOEs would apply in practice – clarifying how the envelopes will be applied in a consistent manner so that different types of consumers will be treated equally and fairly.



In 2021-22, we worked with the AEMC on consumer research to inform their smart meter review. These consumer insights, gathered by Newgate Research, revealed that consumer knowledge of smart meters and motivation to request an installation was low. These findings informed our direct engagement with state governments in New South Wales and South Australia on smart meter reform where we emphasised that smart meters are not a matter for consumer responsibility but are part of the essential infrastructure for a future energy system that delivers on consumers expectations of affordability, reliability and sustainability.

Our goal with all this work has been to help transition our energy system to one where the system is responsive to the changing needs of people and communities. To ensure these systemic changes are sustainable, we have played a significant role in igniting a conversation about the importance of building social licence, ensuring that industry voices and decision makers maintain a strong focus on understanding consumer values and designing mechanisms that match their needs and preferences.

GREAT GRANTS:

Business Australia



This project seeks to work with small business energy consumers to understand how they feel about energy and how they use it, leading to insights that will inform the design of future energy support policies and services for small businesses.

The Australian Competition and Consumer Commission's Retail Electricity Pricing Inquiry found that small business customers' engagement with retailers, whether searching for offers or dealing with day-to-day issues like billing, can be just as difficult as it is for their household counterparts. However, electricity costs for small businesses can be far higher, representing a major part of operating costs. Small business owners can be time poor and often lack the resources to identify and implement energy efficiency measures.

By asking small to medium enterprises (SMEs) how they interact with the energy market in five specific areas: getting energy advice, procurement, energy efficiency upgrades, renewables, and becoming net carbon zero certified – Business Australia will gauge their awareness and take up of what is currently on offer and most critically, assess the barriers to their engagement with each of these areas.

The project will guide policy development by identifying gaps in existing energy interventions on behalf of small business and flag ways that barriers can be overcome in future.

It will also improve available information about SMEs' energy practices, provide advice for design of future SME-oriented policies, programs, and services, raise the profile of small business energy issues and enable stronger advocacy.

Your voice heard



As Energy Consumers Australia evolves, so too must the ways in which we communicate with our audiences.



More direct engagement with consumers

Australian householders and small business owners deserve an energy system that supports how they live their lives secure their livelihoods and operate their businesses profitably. We cannot know what that means if we are not in dialogue with them. And the best way to have an influence is to persuasively carry their voices to others.

Our new Communications Strategy reflects the new Strategic Plan 2021-24, with two primary communications objectives.

- To engage consumers in dialogue that opens new possibilities for them and provides valuable evidence of their needs to us – strengthening our credibility and our capacity to act as their voice in persuasive engagements with decision makers and processes.
- To engage with decision makers, using consumer voices to challenge and reframe dominant narratives about the energy system and – as a result – shape the system so that it better meets the needs, expectations and values of consumers.

This is a shift in how we think about communications, who our audiences should be and our approaches to connecting with them.

It also reflects a changing operating environment where consumers are increasingly going to be asked to participate in the energy system in novel ways, presenting new possibilities but also responsibilities and obligations.

We have an important role to play in helping consumers in the context of this change by strengthening our existing discourse, continuing to explore emerging issues with them and better understand their values so we can provide these insights to the broader energy industry.





KPI 5A.1

Build and strengthen relationships with governments and regulators through at least eight meetings annually with jurisdictional governments, engagement bi-annually with the Energy Council and quarterly meetings with market bodies

Holding those persuasive communications with energy system stakeholders will always be a priority, however we are increasingly focused on the communication channels that connect us directly with consumers.

Improving our ability to listen

Our foundational research project, the Energy Consumer Sentiment Survey, has been fundamental to our capability to listen to consumers on the issues that matter, with recent enhancements enabling us to better understand views around consumers' trust of energy companies and the priorities and concerns regarding the energy transition that is underway.

To complement this research, the first Energy Consumer Behaviour Survey was released in October 2021, providing telling insights that will be tracked over the long term. For example, the COVID-19 pandemic

has, not surprisingly, altered the way Australians use energy, with the survey revealing that many consumers responded by purchasing large appliances, such as fridges or freezers, and changing the times of day when they use energy.

The survey also found that the pandemic had changed consumer behaviour and attitudes, with 59 per cent of respondents claiming they were cooking at home more and 40 per cent using more heating and cooling. However, 41 per cent of respondents reported that their household had become more interested in reducing energy use since the pandemic.

In 2021-22 these flagship research projects have been supported by insights drawn from the Digital Energy Futures Project, grants program and our community listening work discussed in the previous chapters of this report.

Community Listening



Acting on consumer insights

Despite COVID-19 putting a brake on some operational activities, we were able to increase direct outreach to Ministers and senior government officials regarding our major research projects.

We produced 33 submissions to National Energy Market rule changes, market reforms, network planning decisions and major policy processes, aggregating our research and insights about consumer preferences, behaviour and sentiment to insert their voice into the decisions being made.

These included submissions to the AER on the Better Bills Guideline and the draft Export Tariff Guidelines, AEMC on protecting consumers affected by family violence, to the AER on the 2022-23 Determination of the Default Market Offer and the Essential Services Commission on the Victorian Default Offer Draft Decision.

All these processes have a significant bearing on our strategic priorities.

While our primary focus is national, within our team there is a dedicated jurisdictional “champion” for each state and territory, and we are also active in a range of state and territory forums, reference groups and consultation processes including:

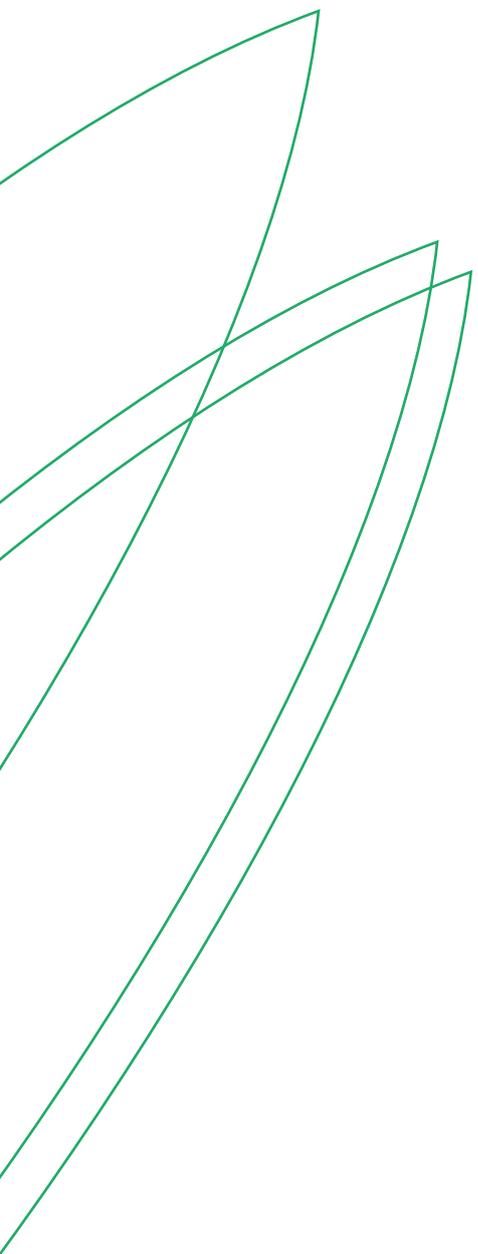
- Observer on WA’s Advocates for Consumers of Energy forum
- Attendee of Victoria’s Energy Consumer Insights Forum
- Representative on the NSW Energy Infrastructure Roadmap Consumer Reference Group
- Representative on the Queensland Ministerial Energy Council



In 2021-22, we also participated in one-on-one meetings with most jurisdictions, to ensure our understanding of jurisdictional priorities is maintained and to share our work in an ongoing way.

We were committed to further lifting our engagement with small business advocates in 2021-22 and our collaborative work with the sector outlined in this report, including an increased level of support through the Grants Program, reflects this focus.

A stakeholder review is currently underway that will help track our success in engaging with key stakeholders and delivering against our Strategic Plan.



Shifting towards greater engagement

During 2020-21, our focus was on establishing the architecture that enables our ability to talk – refining our voice, identifying channels and building trust. This year we have moved on from simply talking to consumers to engaging in a two-way dialogue that helps us to build an ongoing relationship with consumers based on trust so that we can help them navigate the energy system and build a shared vision for a future.

To enable this, we have increased personnel within our communications team. This means we have been able to be more proactive with our communications activities, enhancing the quality and regularity of our communications, which is expanding our influence.

Our media profile has materially increased, with Energy Consumers Australia mentioned in more than 200 news articles and more than 550 broadcast items between January and June 2022. Separately, our Chief Executive Officer has attracted more than 500 mentions across both the print, digital and broadcast media over the same period, cementing her

role as a thought leader in the energy space and contributing opinion pieces to leading national publications such as the Sydney Morning Herald and Australian Financial Review as well key industry media such as RenewEconomy.

Beyond our traditional media work, we also took our knowledge of housing and energy efficiency to commercial TV, participating in a new prime time program called “Renovate or Rebuild” providing resources which helped the participants in the TV show to ask the right questions about housing efficiency. This is part of our ongoing work to use our position to engage with consumers, meeting them where they are.

Ensuring that our content is well-produced, engaging and informative has also helped drive high traffic volumes to our website, with 37,385 visitors in 2021-22.

Our commitment to storytelling, particularly sharing the experiences of consumers to explore key ideas and demonstrate what’s happening in the energy system, is evident in the increased video content we have produced and will continue to produce, including videos showcasing some of our Great Grants success stories.





Our newsletter email engagement, which now includes a regular monthly newsletter to those on our mailing list, is well above average for non-profit organisations based on industry benchmarking reports.

- The average email open rate for 2021-22 was 38.12 per cent compared with the non-profit average of 26.6 per cent.
- The average click through rate for the mailing list is 11.29 per cent up 4.19 per cent on last year and higher than the non-profit average of 2.7 per cent.
- Our mailing list grew to a total 2104 which is now a powerful direct channel.

Building our list has also allowed us to amplify the reach and impact of our other work.

We significantly lifted our output and consumer engagement on social media this year. The number of posts increased by 38.1% on LinkedIn, 37.5% on Twitter and 89.5% on Facebook. These results were bolstered by strategic use of paid promotion reach across LinkedIn and Facebook as a complement to the strong engagement seen organically.

In total, we have increased our impressions by 101.2% to 1.2 million people, while our engagement increased by 106.2% to 41,486.

In total, we had 127,149 video views throughout this financial year which is a 275% increase compared to last year. This content was also integrated throughout our digital communication channels to deliver high impact messaging to stakeholders and the community at large.



KPI 1A.1

Foresighting Forum is held on an annual basis and attended by representatives from all sectors of the energy system



Framing the Future

Like all our stakeholders, the pandemic interrupted plans for in-person events this year, including the 2021-22 Foresighting Forum. However, in its place we were able to run a series of webinars examining the important lessons to be learned from the recent pandemic, bushfires, floods and other events, particularly the way the energy systems and decision makers responded and the subsequent adaptation of consumers and the system itself, during these periods of duress. This three-part series was a significant driver of traffic to our channels in 2021. The next

Foresighting Forum will be held in person in Sydney on 15-16 February 2023.

Webinars will continue to be an important communications tool for us because they allow us to convene groups of stakeholders and communicate with them at a time when they are primed to be receptive. The Communications Team is currently working on creating a series of webinars in which grants program recipients can showcase their projects and experiences.

We will continue to look for new and innovative ways to support consumers.

Take Charge

Foresighting Forum 2021

The Digital Series.





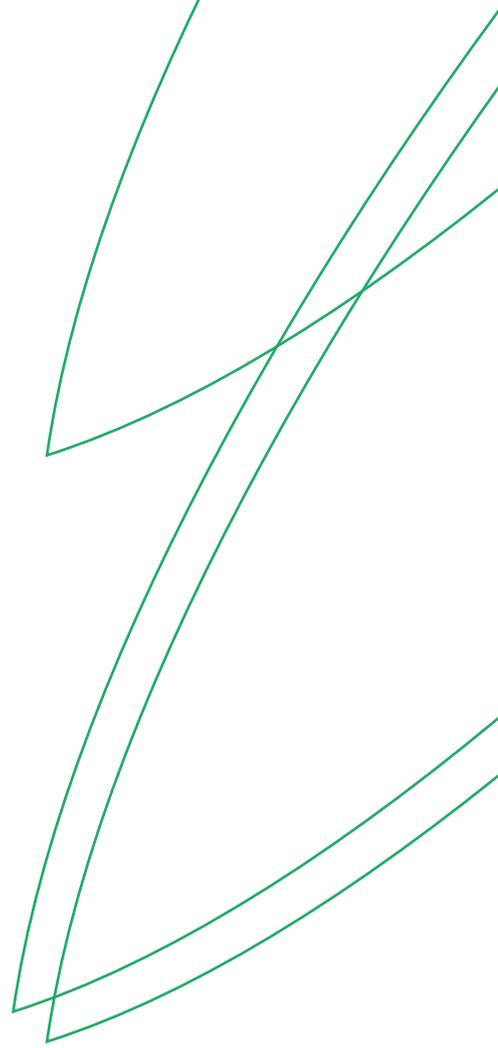
KPI 6A.1

Support models for industry engagement with consumers and consumer organisations by publishing at least one annual consumer engagement report

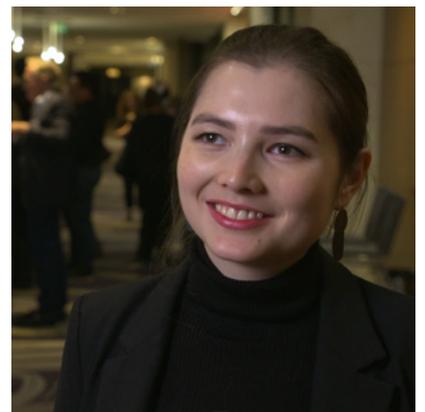


KPI 7A.1

Undertake at least three direct engagements with consumers and communities



Stakeholder Forum in Sydney, May 2022.



Living our values in strategy & governance



We are an independent body established through an initiative of the Council of Australian Governments Energy Council to provide residential and small business consumers with a strong and influential voice in national energy matters.



We are incorporated as a Company Limited by Guarantee and are funded by consumers from levies collected by the Australian Energy Market Operator.

Our role is set out in our Constitution, as agreed by the COAG Energy Council, which also sets out our Objective and the Activities to achieve it. This is available on our website.

A focus in 2021-22 has been to implement our new Strategic Plan 2021-24, which identifies the impact we are seeking to have, and maps a set

of priorities, outcomes and activities that will deliver those impacts.

New strategy and performance framework

A result of extensive consultation with our staff, board and stakeholders, the Strategic Plan and accompanying impact-based Performance Framework have already helped focus our effort and resources in the most efficient, strategic and effective way possible.

Our 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.

Our vision

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

Our 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.

Our 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

Our impact

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



A starting place for the new strategy was to clarify our purpose, vision, mission, values and the impact we seek to have through our work.

The new Performance Framework outlines specific impact-based key performance indicators, on which we report to the Board and our stakeholders, including in this Annual Report. The Plan is now available on our website.

As part of an ongoing success monitoring and evaluation process, we have prioritised collecting feedback from stakeholders and in 2022 we engaged researchers to develop and undertake an annual stakeholder survey, which has been clearly linked to our strategy. This will provide key insights that will assist us to understand whether we are meeting our goals as outlined in the strategy, in the eyes of our stakeholders.

Further bolstering our governance, we have completed the constitutional review, which provides the necessary

arrangements to support greater flexibility in the approach to Board tenure, make-up, remuneration and administration, and ultimately a more responsive governance framework. The new constitution was awaiting Ministerial approval at the end of 2021-22.

Better managing risk and aligning with strategy

In addition, we have reviewed, and continue to review, the risks facing the organisation. Although the external risk climate remained relatively stable over the past 12 months, we have refreshed our Strategic Risk Map to ensure we can effectively manage risks in a fast-changing environment, in line with our updated strategic priorities.

Following a successful tender, HLB Mann Judd has provided written consent to act as the company's new auditor, and this was approved at the Annual General Meeting in November 2021.

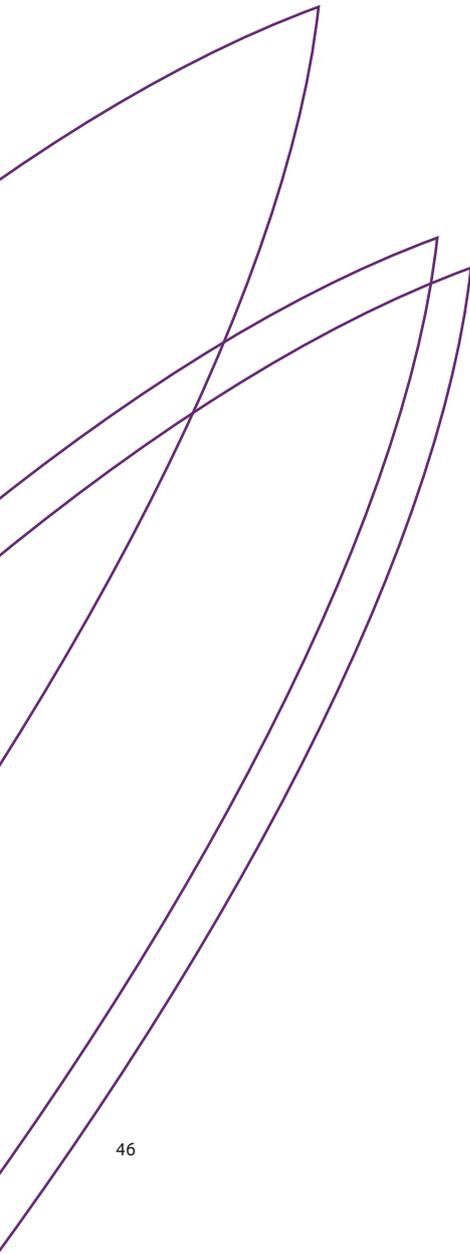
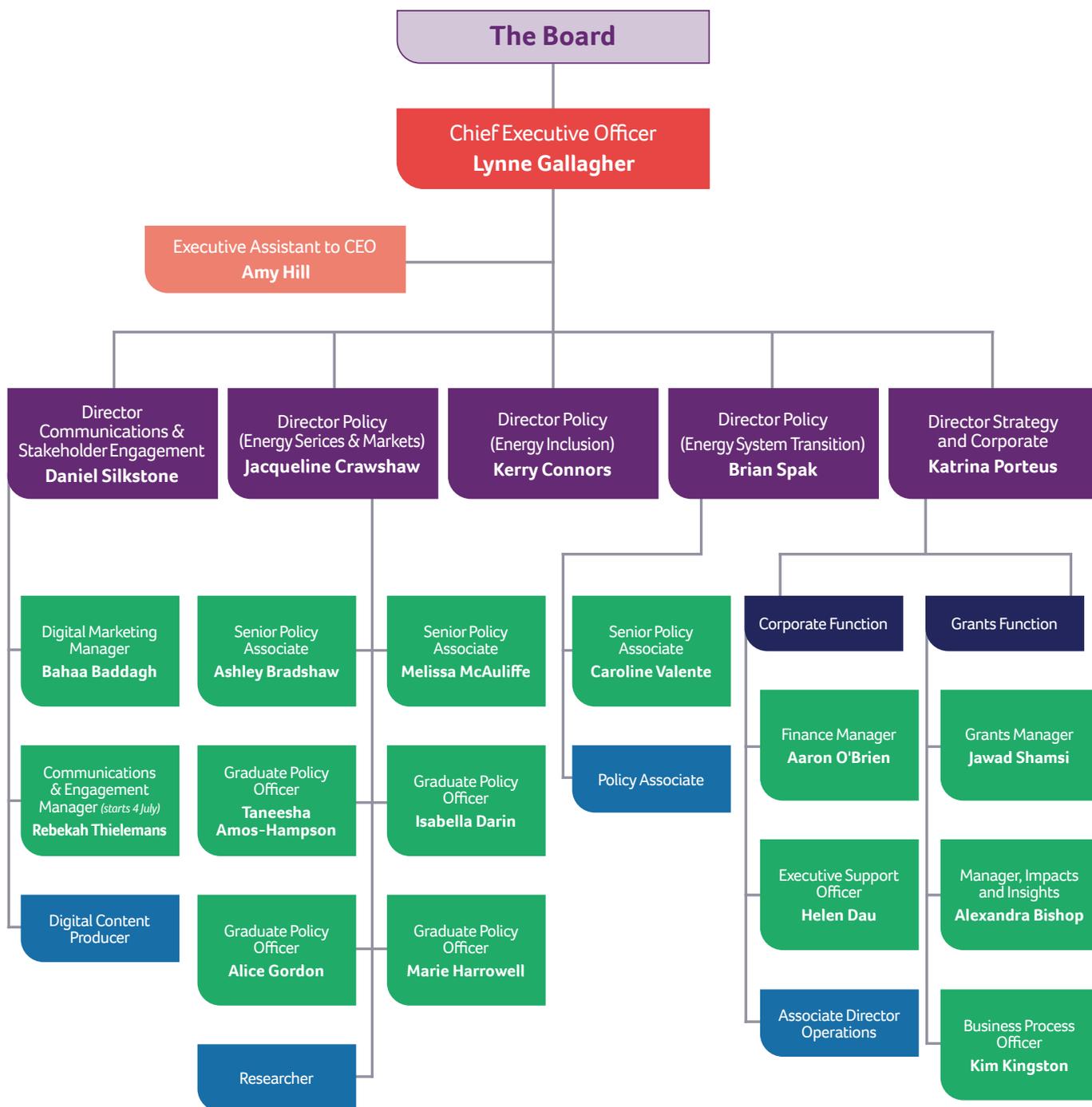


Figure 13: Energy Consumers Australia organisational chart as at 30 June 2022






KPI 8A.1
Annual expenditure within +/- 5 per cent of budget



KPI 3A.1
\$2 million investment annually in advocacy (through the Grants Program), nationally and across a range of consumer groups

Evolving the grants program to reflect consumer views and strategy

The Grants Program has been subject to policy and structural changes based on stakeholder input and advice.

Planning and grants management now comes under the Strategy and Corporate team and a new IT system has been rolled out to simplify processes for grants applicants. The grants team has also been bolstered by additional personnel over the past 12 months, opening opportunities for Collaboration Grants. More details are available in the grants supplement attached to this report.

Updating our structure and resourcing to reflect strategy

As we continue to implement important strategic changes, we have undertaken an organisational restructure to reflect our stated priorities and enable us to better align our resources with activities.

Reporting to the Chief Executive Officer, a new five-person Executive Leadership team is responsible for executing our work plan, including leading our policy advocacy supported by our research, investing in the advocacy capabilities of other organisations through our grants, engagement with stakeholders and the effective day-to-day management of our organisation.

A maturing organisation where employees matter

We have undergone a rapid transition over the past seven years, growing from an effective start-up venture to an influential and evidence-based voice for residential and small business consumers, helping to shape the nation’s energy system for their benefit.

Led by Chief Executive Officer Lynne Gallagher since March 2020, the organisation’s workforce has expanded to comprise a diverse range of professional skills and qualifications across social science, economics, engineering, law and communications. This is reflected in rising employment costs and lower consultancy fees.

In late 2021, we conducted the annual staff survey and were pleased that more than 80 per cent of employees reported Energy Consumers Australia provided a positive working environment. This is reflected in lower staff turnover, below our 20 per cent target.

We appreciate staff work best when they are engaged and feel appreciated for their contributions. We are providing learning and professional development opportunities for all staff so they can build upon their existing skills. A commitment to holding regular team-building events, public acknowledgement of staff for their achievements during meetings, and a new internal buddy system are other initiatives that are helping drive further engagement.

Managing the impact of the pandemic

The operating environment throughout the 2021-22 financial year has continued to be affected by the COVID-19 pandemic and the board and executive management team has been focused on ensuring continuity throughout this challenging period.

While the pandemic placed constraints on activities, diverted our stakeholders' attention to pressing issues and restricted face-to-face engagement and travel across jurisdictions, it has also provided an opportunity to reassess our own working arrangements for staff and consider ways to enhance workplace culture, staff health and safety, and wellbeing.

We continue to support flexible working arrangements, as well as safe work-from-home arrangements, with most staff adopting a hybrid working model that suits their circumstances. Health and safety remain a priority at our new fit-for-purpose premises and in these hybrid working circumstances.

Our Employee Assistance Program is an important initiative to support

employee health and wellbeing needs and we proactively promote this to our people.

Some of our stakeholder activities have continued to be impacted by COVID-19, with uncertainty around the newly emerging Omicron variant leading to the decision to delay our in-person Foresighting Forum until 2023.

The Grants Program budget has been challenging to manage, with organisations reporting that, during the pandemic, core business has taken priority over completing grant applications on time. But while grant applications and approvals were both lower in 2020-21, we have seen this recover through proactive efforts outlined in the attached Grants Program supplement, with grant spending above \$2 million this financial year.

Despite the significant challenges, we have continued to prudently manage our resources, including our goal of maintaining annual expenditure within a +/- 5 per cent of budget. Our strong financial position enables us to continue implementation of our Strategic Plan 2021-2024.

The Board tour the Yarra Energy Foundation's community battery in Fitzroy.





Our Board

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 three 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 members.



Louise Sylvan AM, FAICD

Chair and Director, Energy Consumers Australia

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 Centre for Social Innovation; and Member of the Advisory Panels of the Net Zero Australia project and the Australian Privacy Foundation. Louise is a policy adviser to the Australian Risk Policy Institute. 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

Director, Energy Consumers Australia

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 30 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 consumer representative on number of industry and government committees. Gavin is a member of the 2022 Integrated System Plan Consumer Panel, Member Consumer Reference Group NSW Renewable Energy Roadmap and was awarded a 2001 centennial medal for services to the community.

The Board is also responsible for overseeing the implementation of the outcomes of the periodic independent reviews (the first review report was completed in November 2019). We have also undertaken a review of the Board in May-June 2022.

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.

We 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.

There were no changes to our Board make-up in 2021-22. Our Board members' full profiles are available on our website.

The Board's Risk and Audit Committee is chaired by Catherine Cooper, who is also a former Board member of Energy Consumers Australia.



Helen Garnett PSM, FTSE, FAICD
Director, Energy Consumers Australia

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. Helen is also a member of our Risk and Audit Committee.



Virginia Hickey FAICD
Director, Energy Consumers Australia

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. Virginia also Chairs our Reference Committee.



Chris Spangaro GAICD
Director, Energy Consumers Australia

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. Chris is also a member of our Risk and Audit Committee.



Our Reference Committee

Our Reference Committee underpins our close engagement with other advocates in the sector and now has an oversight role with annual feedback from advocates on our effectiveness. This year, we said goodbye and thank you to six of our outgoing Reference Committee members. We would like to thank Gerard Brody, Carmel Franklin, Dale Holiss, Sebastian Klein, Robert Mallett and Craig Memery for their contribution on the Committee. We also welcomed new Reference Committee members who are profiled below, along with ongoing members.

Geoff Buchanan ACT

Geoff manages the ACT Energised Consumers Project at the ACT Council of Social Service, advocating for small energy consumers and for a just transition in the ACT. He has worked with ACTCOSS since 2015 with a focus on understanding and addressing poverty, inequality, and the cost of living in the Canberra community. Geoff has an applied research background in the social sciences.

James Colbert VIC

James has spent the last 15+ years working at the forefront of the energy transition in Australia and internationally. He has expertise in strategy development and execution, consumer insights, energy technologies, business development and partnerships. His experience includes deep customer understanding and insights and driving growth for Energy Australia and Origin along with spending three years in a multi-market energy technology start-up. James is a Partner, Management Consulting at KPMG and is a member of the RACE for 2030 Board.

Dr Georgina Davis GAICD GIA (Affiliated) QLD

Georgina is the founder of the Waste to Opportunity Enterprise and current Chief Executive Officer of the Waste Recycling Industry Association of Queensland (WRIQ), the peak body for the waste management and recycling industry. She has worked in energy advocacy for the past six years authoring over 60 energy submissions within that time, achieving positive outcomes for Queensland's regions and communities, most recently as the CEO of Queensland Farmers' Federation.

Professor Neil Horrocks – QLD

Neil has more than 30 years of energy industry experience across the electricity and gas sectors including roles in retail, distribution and asset management. He is currently the Director of the Research Centre for Energy Data Innovation and Director, External Engagement in the School of IT and Electrical Engineering at the University of Queensland.

Justine Jarvinen GAICD NSW

JJ is Managing Principal Sustainably and Climate Change at Aurecon; Adjunct Professor in the School of Electrical Engineering and Telecommunications at UNSW Sydney; Chair of Wattwatchers; Director of the Port Authority of NSW; and Director of Climate-KIC Australia. She is an energy executive with international experience spanning the energy, finance, education and non-profit sectors over 27 years. JJ specialises in leading innovation, change and incubating corporate initiatives until they become established and flourish.

Simon Moore NSW

Simon Moore is responsible for Business NSW advocacy relating to the infrastructure businesses depend on to function, including energy as well as transport, telecoms and water. Simon sits on several energy industry stakeholder bodies as Business NSW's representative, including Essential Energy's customer advocacy group and Jemena Gas Network's customer council.

Thuy Nguyen NSW

(Resigned 13 July 2022)

Thuy is the Organising Lead on the Voices for Power Campaign at Sydney Alliance (NSW) for affordable, clean energy for all. Thuy has experience in advocating for climate action with the Australian Youth Climate Coalition. She has also been involved in policy and research regarding Australia's asylum seeker policy and international human rights.

Dr Fiona Simon VIC

Fiona Simon is the CEO of the Australian Hydrogen Council (AHC), the peak body for the Australian hydrogen industry. AHC connects the hydrogen industry and its stakeholders in building a secure, clean and resilient energy future based on hydrogen. AHC's members are from a range of sectors, including energy, transport, consulting, banking and technology.

Gabrielle Sycamore NSW

Gabrielle is an experienced senior commercial manager specialising in leading teams, managing complex commercial projects and enhancing commercial outcomes. With 17 years' experience in the energy sector, Gabrielle also has expertise in finance and business development.

Gabrielle is currently General Manager, Renewable Gas at Jemena, where she is leading the implementation of the gas networks long-term decarbonisation strategy.

Dr Phillipa Watson Tasmania

Dr Phillipa Watson aims to support people to live great and sustainable lives. To this end, as a Research Fellow at the University of Tasmania (UTAS), she works in applied research with a variety of collaborators, to understand and enhance peoples' real life housing transition and energy transition experiences.

Ross Womersley SA

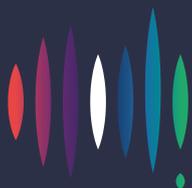
Ross is the CEO of the South Australian Council of Social Service (SACOSS) – the peak body for the non-government community and health sector – which leads a fight against poverty and inequality. Ross also serves on a range of boards and regulatory committees, with a focus ranging from energy and water hardship and regulation, digital inclusion, housing, procurement, gambling through to workforce planning.

Summary of financial performance for 2021-22

Year Ending 30 June	2022	2021
Statement of Comprehensive Income		
Industry Levies		
AEMO Levies	8,068,640	8,178,550
Other Income		
Interest Earned	15,959	17,846
ACT Grant	25,000	25,000
Other Income	93,810	113,092
Total Revenue	8,203,409	8,334,488
Grants	2,222,840	1,685,560
Research & Engagement	1,497,223	1,194,318
One-Off Projects	-	467,000
Administration Expenses	1,306,476	1,117,639
Staff Expenses	3,409,592	2,705,852
Board & Reference Committee	160,635	163,577
Total Expenses	8,596,766	7,333,946
Income Tax Expense	-	-
Net Surplus/(Deficit)	(393,357)	1,000,542
Statement of Financial Position		
Current Assets	2,600,861	3,666,451
Non-Current Assets	1,557,271	35,626
Current Liabilities	985,858	945,890
Non-Current Liabilities	857,705	48,261
Equity & Reserves	2,314,569	2,707,926
Statement of Cash Flow		
Cash Outflow from Operating Activities	(9,472,891)	(7,846,875)
Cash Outflows from Investing Activities	(648,430)	(34,200)
Cash Outflows from Financing Activities	(131,837)	(20,769)
Cash Inflow from Operating Activities	9,195,696	9,057,527
Cash Inflows from Investing Activities	-	253,046
Cash at Beginning	2,703,097	1,294,368
Cash at End	1,645,635	2,703,097

Notes:

- Summary version only of ECA accounts. Full accounts available on ECA website www.energyconsumersaustralia.com.au
- ECA's Income are fees recovered by Australian Energy Market Operator in accord with national electricity & gas rules.
- ECA received additional funding of \$300,000 from the Australian Energy Market Operator in 2021 to cover the additional costs incurred by ECA through its participation in the appeal to the Australian Competition Tribunal of the New Energy Tech Consumer Code in 2020.
- Prior year accounts have been restated, net GST payable is included in "Current Liabilities". Previously, GST collected and paid were shown separately on the Statement of Financial Position.
- ECA is registered as a charity by the Australian Charities and Not-for-profits Commission and has income tax exemption by the Australian Tax Office.



**ENERGY
CONSUMERS
AUSTRALIA**

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