

# Energy Consumers Australia

## BACKGROUND

1 December 2015

The following informs the members of the COAG Energy Council about Energy Consumers Australia (ECA) activities since July 2015, which are directed by its strategic priorities

- New technologies and their disruptive effect on traditional business and impact on consumers
- Effectiveness of competition across the whole supply chain, and the ability of consumers to drive competition
- Reasonableness and affordability of energy prices, including how understandable pricing structures are to consumers
- Contributing to the review of governance arrangements for the market bodies, and the impact of those on consumers.

Underpinning each is that ECA will work toward an effectively competitive national market, as that is the most efficient mechanism to deliver benefits in the long-term interests of consumers.

The Board, in conjunction with stakeholders, is currently reviewing these priorities. That review will inform ECA's 2016/17 business plan and budget.

## ADVOCACY AND COMMUNICATIONS

***Constitutional Object: ...consumer advocacy on National Energy Market matters of strategic importance or material consequence for energy consumers, in particular for residential and small business consumers***

### ***Relevant Constitutional Functions***

*(a) Effectively and objectively participating in National Energy Market issues and influencing regulatory activities and energy market reform to benefit consumers*

*(d) ...engage and influence policy development and educate consumers in energy markets*

*(e)...build knowledge and sectoral capacity supporting policy development and consumer education in the National Energy Market*

ECA has worked closely with advocacy groups - directly and through its grants program - to ensure there is a strong consumer voice in limited merits review processes

- ECA engaged directly in the Australian Competition Tribunal's community consultation in relation to the merits review of the NSW networks pricing determination. The community consultation is a new feature of the processes introduced as part of the reform to limited merits review.
- ECA commissioned PIAC to engage a senior solicitor for a 12 month period to advise consumer organisations on the limited merits review process
- Building on the learnings from the NSW process, ECA approved grants to SACOSS – first to seek legal advice on its prospects for an appeal, and then to lodge an application for review
  - ECA will engage directly in the Tribunal's community consultation in relation to these reviews
- ECA is discussing with Queensland user groups how to build capacity in that state about limited merits review.

The appointments of David Havyatt, Senior Economist, and Keith Besgrove, Policy Advisor to the Office of the CEO, increased ECA's advocacy capacity and enabled its work on a range of issues, including a thought leadership project to define more clearly the long-term interests of consumers. David is also able to lend his expertise to consumer advocates, and has been working closely with a

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number of groups on network tariff reform, including the AER's consideration of network service providers' tariff structure statements (TSS).

Of relevance to the Council's priority on **Better Governance and Engagement**, ECA made a formal submission to the Governance Review, and has been actively engaged with market bodies, working closely with the AEMC, AER and AEMO on whole of market perspectives as well as regulatory reviews. On the latter, ECA has engaged with the AER's Retail Market Performance report and AEMC rule change on credit support arrangements. ECA has also developed a [position paper](#)<sup>1</sup> outlining principles for the consideration of energy storage in the context of the long-term interests of consumers, and will inform ECA's participation in the AER review of its ring-fencing guideline. The AEMC Review of Retail Market Competition will be a key focus in coming months.

## RESEARCH

**Constitutional Object – strong, coordinated, collegiate, evidence based research**

### Relevant Constitutional Functions

*(c) Building national and jurisdictional expertise and capacity through research, knowledge development and consultation to advance the interests of Australian Energy Consumers (residential and small business)*

*(d) Undertaking robust research to build knowledge, engage and influence policy development and educate consumers in the energy markets*

*(e) Funding and managing grants to build knowledge and sectorial capacity by supporting policy development and consumer education in the National Energy Market*

### ECA Research

ECA published its research report [Consumer Consultation in the Australian Energy Sector](#)<sup>2</sup> which mapped consumer engagement in the NEM. The report notes there is a danger of too much (ineffective) consultation rather than too little consultation, and outlines a range of measures – inspired by stakeholder discussions – where ECA could build the capacity of advocates.

- A key recommendation arising from that work is the development of an annual fore sighting forum, to work with advocates and decision-makers to identify consumer priorities.

Lynne Gallagher was appointed Director, Research and started at ECA on 30 November 2015. Lynne brings to ECA a perspective honed from her work with network businesses, retailers and regulators.

ECA continues to work with jurisdictions, industry, Ombudsmen and the ECA Reference Committee to re-frame the debate on disconnections. The research will focus on the economic dimension of the issue, with the aim of developing a national market response, and consensus around measures to lower disconnection rates for consumers who are unable to pay their bills. KPMG has been engaged to assist with the cost assessment task.

### Grants

Since its establishment, the ECA Board has considered 72 applications for funding, and approved 50 grants, totalling just over \$2.5 million, for a diverse range of projects.

So far in the 15/16 financial year, funding of nearly \$700,000 has been approved to support a diverse range of projects to support advocacy for households and small business – for example

<sup>1</sup> <http://www.piac.asn.au/news/2015/10/household-battery-storage-revolution-must-benefit-consumers>

<sup>2</sup> <http://www.energyconsumersaustralia.com.au/research-featured/consumer-consultation-in-the-australian-energy-sector-1-october-2015>

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- SACOSS' appeal in the Australian Competition Tribunal of the AER determination on SA Power Networks
- Survey of small business consumers, as well as workshops identifying best practice solutions to uptake of renewable energy and energy efficiency solutions
  - This project and Consumer Action's work on demand-side energy policy, rules and regulations align with the Council's work on **Carbon Policy, the Energy Market & Consumers**
- Consumer advocacy in jurisdictional processes, such as the Queensland Productivity Commission review and the Victorian Government hardship enquiry.

ECA has initiated a CEO Grants Program, to facilitate timely approval of small grants under \$10,000. Grants will be provided to consumer advocates to engage in regulatory and policy decisions as well as provide advocates with the opportunity to seek out innovation benefitting consumers outside the energy sector and/or internationally.

ECA received 9 submissions on its Grants Review, and is now developing the new eligibility criteria and program for Board decision early 2016. There was general endorsement of the approach outlined in the Issues Paper, with stakeholders underlining the need for the program to adapt to changing market circumstances.

A list of grants of relevance to the COAG Energy Council's priorities is attached to this paper.

## STAKEHOLDER ENGAGEMENT

**Constitutional Object – To promote the long-term interests of consumers**

### **Relevant Constitutional Functions**

*(b) Frequently engaging and communicating with consumers and consumer advocates to discuss, support, liaise, collaborate, educate, identify and to receive and provide updates on the National Energy market and its policies, reforms, issues and general news*

*(f) Creating and maintaining effective working relationship with key stakeholders including but not limited to: consumers and consumer advocates, the AER, jurisdictional regulators, energy market participants, the AEMC, the AEMO, government and Energy Ombudsmen*

*(g) Developing an understanding of the distinct market differences between jurisdictions within the National Energy Market and applying these considerations when engaging, responding or initiating work on behalf of energy consumers' interests, and with jurisdictional bodies where appropriate*

*(h) Frequently and collaboratively engaging and communicating with representatives from the energy industry on issues in the interests of consumers to help inform the Company when performing its activities.*

A critical priority for the organisation was to meet with Ministers and senior officials - the Chair and/or CEO look forward to briefing each jurisdiction on ECA's strategic direction and activities.

As ECA recruits more staff, it has been able to step up its engagement with stakeholders. In the last few months, ECA has participated in a wide range of government, industry and consumer forums, including

- COAG Energy Council Carbon and Energy Policy Workshop – where we were able to seek members' advice on measures to build the capacity of the sector
- Market bodies – a range of AEMC, AER, and AEMO forums, including their consumer consultative meetings.
- Industry – ENA, ERAA, ARENA, meetings with the Boards or Senior Management of retail and network businesses, as well as a number of industry conferences.

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- Consumer groups – briefing the National Energy Consumers Roundtable on ECA’s advocacy and research, and seeking input to our work to define the long-term interests of consumers and the review of the grants program. ECA also presented to the Consumers Federation of Australia Roundtable on the Australian Consumer Law Review.
  - ECA has made particular efforts to seek small business links, including securing Peter Strong’s (COSBOA) agreement to join its Reference Committee, and holding a roundtable meeting in Hobart with Tasmanian Small Business Council
- CSIRO/ENA workshops relating to their Network Transformation Roadmap project.

## ***ECA Reference Committee***

The Reference Committee so far has met twice this year, and will meet again in December to work with ECA in identifying sectoral strategic priorities.

Members are chosen on the basis of their expertise, and are drawn from each participating State and Territory. Members are:

Carly Allen, QLD	Kath McLean, TAS
Gerard Brody, VIC	Craig Memery, VIC
Jo De Silva, SA	Ed Santow, NSW
Gavin Dufty, VIC	Helen Scott, NSW
David Headberry, VIC	Peter Strong, ACT

## **GOVERNANCE**

The ECA Board has met each month since the organisation was established and, in the interests of transparency and to inform stakeholders, has published on its website a communique when significant decisions have been taken after the meeting.

ECA held its inaugural Annual General Meeting on 12 November 2015, presenting its Annual Report to the Member. The Annual Report will be published on the website.

### ***Appointment of Staff***

ECA has appointed David Havyatt as Senior Economist, Lynne Gallagher as Director, Research, Keith Besgrove, as Policy Advisor to the office of the CEO, and Phil Bourne as Digital Channels Manager.

Recruitment is underway for other senior roles, but the organisation is nearing full strength.

### ***Digital Channels***

To provide a standing resource to consumer advocates (and other stakeholders) ECA is considering the development of a Wiki, which would provide an interactive, standing resource on energy consumer issues and significantly enhance information sharing within the sector. The migration of the grants archive from the Panel website is underway, providing another resource on issues.

And finally, we welcome followers to ECA’s new Twitter account @eca\_advocacy.

**LOUISE SYLVAN**  
**CHAIR**

**ROSEMARY SINCLAIR**  
**CEO**

**1 December 2015**

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## ECA FUNDED RESEARCH OF RELEVANCE TO THE COAG ENERGY COUNCIL PRIORITIES

### **Gas Prices & Supply**

St Vincent de Paul Society Victoria: *AP 713 Tariff-tracking and price analysis in NSW, QLD, SA, the ACT and TAS post price resets in July 2015*. Spreadsheets tracking prices, and reports<sup>3</sup> informing residential consumers in the NEM about changes to (electricity and) gas prices post the price re-set in July 2015, and decision-makers about market trends, tariff changes and issues arising in NEM retail markets, to inform advocacy. A grant of \$55,250 was approved.

Major Energy Users: *AP 765 Consumer advocacy into stage 2 of the AEMC review of east coast gas market* – providing input to each stage of the AEMC review. A grant of \$30,000 (exc GST) was approved.

Alternative Technology Association: *AP 728 Advocacy in relation to appropriate gas market development and informed fuel choices by consumers*. To minimize the gas price shock experienced by consumers, and ensure consumers and decision-makers understand the changed economics of consumer choices, that gas network investment acknowledges reduced demand, and that the 2014 ATA report recommendations are implemented. A grant of \$49,345 (exc GST) was approved.

### **Carbon Policy, the Energy Market and Consumers**

Consumer Action Law Centre (CALC): *AP 758 Power Transformed: Understanding consumer decision making in the complex and transforming energy market*. CALC has convened a high-level cross-industry steering group to develop a better understanding of real consumer decision-making and a reformed approach to demand-side energy policy, rules and regulations to enable good consumer outcomes. A grant of \$111,770 (exc GST) was approved.

Communications and Information Technology Training (CITT): *AP 780 Survey of SME electricity supply contracts and barriers to reducing costs*: CITT is surveying its membership of over 27,000 small business operators to identify the benefits and barriers to embracing energy saving technologies and third party opportunities. A grant of \$20,000 (exc GST) was approved.

CITT: *AP 780 Survey of SME electricity supply contracts and barriers to reducing costs*: CITT is engaging with industry and SME stakeholders to assess their uptake of clean and renewable energy efficient solutions and determine barriers impacting their choice, and promote and disseminate best practice models and case studies. A grant of \$30,000 (exc GST) was approved.

### **Embracing Emerging Technologies**

Public Interest Advocacy Centre (PIAC): *AP 727 A consumer perspective on how to regulate network businesses' use of distributed generation and storage*. PIAC's published report<sup>4</sup> highlights consumers' interests in the design of regulatory and commercial arrangements for network service providers (NSPs) involvement in distributed storage and decentralised generation. A grant of \$38,400 (exc GST) was approved.

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<sup>3</sup> [https://www.vinnies.org.au/page/Our\\_Impact/Incomes\\_Support\\_Cost\\_of\\_Living/Energy/](https://www.vinnies.org.au/page/Our_Impact/Incomes_Support_Cost_of_Living/Energy/)

<sup>4</sup> <http://www.piac.asn.au/news/2015/10/household-battery-storage-revolution-must-benefit-consumers>

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Total Environment Centre, in partnership with Solar Citizens: *AP 778 Protecting solar customers in setting network tariffs* – to represent those households in the AER's consideration of network tariff structure statements. A grant of \$19,000 (exc GST) was approved.

Backroads Connections: *AP 772 Research review and advocacy on the fair value of distributed generation* A coalition of advocacy groups representing solar consumers in Qld, Vic and to develop a national feed-in tariff methodology includes all relevant factors that determine a fair compensation for exported energy, and owners get a fair return on their investment. A grant of \$37,245 was approved.

Total Environment Centre, in partnership with Solar Citizens: *AP 771 Life after FITs: options for solar and other consumers*. To provide advice to the 230,000 solar customers whose premium feed-in tariffs end on 31/12/16. A grant of \$32,750 (exc GST) was approved.

Cumming Economics, representing the Far North Qld Electricity Users Network: *AP 775 Daintree/Cape Tribulation Project*. To find out how households and businesses in the area have reacted to living off the grid, and especially the degree to which they have installed non-fossil fuel generation and their experiences of it. A grant of \$11,000 (exc GST) was approved.

## **Better Governance and Engagement**

Energy Users Association of Australia: *AP 783: Performance scorecard on NSPs development of cost reflective tariffs*. To develop an advocates' performance scorecard of the DNSPs' development of Tariff Structure Statements, to inform the AER's assessments. A grant of \$39,845 (exc GST) was approved.

SA Council of Social Service: *AP 759 National Consumer Roundtable on Energy: organisation of meetings*. To convene three meetings of the Roundtable (including meeting all travel/venue costs) to facilitate information sharing between consumer advocates to respond to emerging issues and make contact with decision makers. A grant of \$102,126 (exc GST) was approved.