



# Annual Report

2016-17



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The reality of living in an  
energy market in transition  
hit home in 2016/17.





## From the chair

### I am pleased to present Energy Consumers Australia's 2016/17 annual report.

The reality of living in an energy market in transition hit home in 2016/17.

An unprecedented state-wide blackout in South Australia in September 2016, and concerns about the generation reserves across the National Electricity Market (NEM) provoked an intense debate about how we safeguard the security and reliability of the system as the generation mix changes.

And the higher wholesale electricity and gas prices that were first felt by energy intensive small businesses, started feeding through into significant – in some cases more than 20 per cent – increases in retail bills across the NEM.

Energy Consumers Australia worked hard during the year to ensure the interests of Australian households and small businesses are paramount as governments, market bodies and industry respond to these complex affordability and security challenges.

We are convinced that one of the few certainties at a time of profound uncertainty in the market is that supporting, enlisting and empowering households and small businesses is not only a social and economic imperative, but key to successful transformation to a cleaner, more dynamic energy market.

This can only proceed from a position of deep understanding about the outcomes consumers value, the way they want to engage in the market, and the information and tools they need to make decisions – whether that is to select the right plan, switch their retailer, manage their consumption, or install solar panels on their roof.

As we move into our third year as an organisation, our flagship Energy Consumer Sentiment Survey, as well as our other research, is helping policy makers and the market answer these questions.

Our renewed Grants Program is also supporting more diverse, relevant and influential work. Research we funded during the year, such as Consumer Action Law Centre's Power Transformed project on unlocking confidence and trust in a changing market, St Vincent de Paul's Households in the Dark that explored the why, where and when of disconnections, and the Bundaberg Irrigators Alliance's work on supply options for rural consumers, is shedding new light on some of the most pressing issues households and small businesses are facing.



The steps we have taken to give our grant recipients the certainty they need to plan and execute their research over multiple years will support the expert and ongoing engagement on the issues that matter most to consumers.

Despite the very real difficulties consumers are facing, I do believe there is cause for optimism that we can get back on track.

The disconnect between prices and outcomes that I spoke about in last year's annual report – a disconnect that consumers were feeling but the sector was not hearing – is now at the heart of the Australian Competition and Consumer Commission's Electricity Supply and Pricing Inquiry and the basis for a major intervention by the Prime Minister.

There is also a new sense of urgency for positive change within the sector – to move on Dr Finkel's Blueprint for the new market, and to test and explore new technology and business models. Maintaining this forward momentum will be critical for rebuilding the trust and confidence in the sector.

I want to recognise and thank the Board for the experience and strategic vision they have brought to the task of building Energy Consumers Australia into a powerful voice for households and small businesses.

On behalf of the Board, I would also like to thank the members of the Reference Committee for their invaluable insights about the range of issues that households and small businesses across the NEM are facing, and advice about how we can be effective on their behalf.

I also want to thank the Energy Consumers Australia staff. CEO Rosemary Sinclair and her team continue to bring a real purpose and clarity to the task of getting better outcomes for households and small businesses in the NEM.

**Louise Sylvan**  
*Chair*  
Energy Consumers Australia

***“Despite the very real difficulties consumers are facing, I do believe there is cause for optimism that we can get back on track.”***





## FROM THE CEO

### It is a difficult and uncertain time for energy consumers.

After a ten-year period where network costs caused retail prices to double, households and small businesses are now grappling with further price rises, this time the result of instability on the wholesale market.<sup>1</sup>

Throughout a turbulent year, Energy Consumers Australia was a ready source of evidence and analysis about what these big drivers meant for households and small businesses – both now and over the longer-term.

***“Throughout a turbulent year, Energy Consumers Australia was a ready source of evidence and analysis about what these big drivers meant for households and small businesses – both now and over the longer-term.”***

Households and small businesses in some parts of the NEM also experienced or narrowly avoided power outages and struggled to access gas on reasonable terms in 2016/17.

These acute affordability and energy security challenges defined the year and likely signaled the beginning of a new phase in the transformation of the market.

The Energy Consumer Sentiment Survey, and another major piece of work exploring consumers’ interest in, and experiences of, rooftop solar PV and batteries, painted a picture of a market where consumers were searching for products and services that could give them control and certainty over their costs.

I am particularly proud of our Research Directorate, who in 18 months have translated an idea for a regular survey of energy consumer confidence, satisfaction and activity into what is now a mature, trusted publication reframing the debate around the consumer.

We made a strong contribution to the Finkel Review, pushing hard for a comprehensive long-term framework that prioritised affordability and keeping the power on for energy consumers.

At the heart of the Finkel Blueprint that has now been agreed by the COAG Energy Council is the proposition that households and small businesses should be equal participants in the new market, and should be appropriately



<sup>1</sup>Australian Government Department of Environment and Energy, *Australian Energy Update 2017*, p 20, <http://www.environment.gov.au/energy/publications/australian-energy-update-2017>

rewarded for the contribution they make to the security and reliability of the system.

This is a hugely significant policy development and Energy Consumers Australia will be working hard in coming years to ensure that this recognition and commitment is translated into better outcomes for households and small businesses.

The commitment and advocacy of the Public Interest Advocacy Centre, the South Australian Council of Social Services, and the Consumer Utilities Advocacy Centre and other groups, supported by Energy Consumers Australia, in the limited merits review process delivered material wins for consumers in 2016/17.

The Australian Competition Tribunal's rejection of the South Australian Power Networks \$250 million appeal and the major changes that are being made to the appeals framework are a testament to the power of coordinated and strategic consumer advocacy.

We are hopeful that this signals the end of a costly and counter-productive period in network regulation and the life of the market.

Energy Consumers Australia is now working with advocates, the Australian Energy Regulator and the networks on more collaborative and efficient ways to set revenues and align the interests of the businesses and the consumers they serve.

We also pursued better collaboration and alignment through the two-day Foresighting Forum in February 2017 and the associated work program that brought together stakeholders from across the market to discuss, unpack and develop ideas to address some of

the most complex problems we face. Looking ahead to 2017/18, I am excited about our Power Shift work program and exploring and applying its insights about how energy management technology can give consumers a whole new level of control over their consumption and costs.

Realising the full potential of new technology and building a more dynamic, consumer-orientated energy market is tied to progress on data availability and use. Our work during the year on data portability, and our contribution to the Productivity Commission's Inquiry into Data Availability and Use, helped generate momentum within the sector for change. Pursuing this data agenda will remain a top priority for Energy Consumers Australia in 2017/18.

We are now well-positioned as a source of highly relevant, robust and influential evidence and advocacy at a time when it has never been more important for there to be a strong, national voice for households and small businesses.

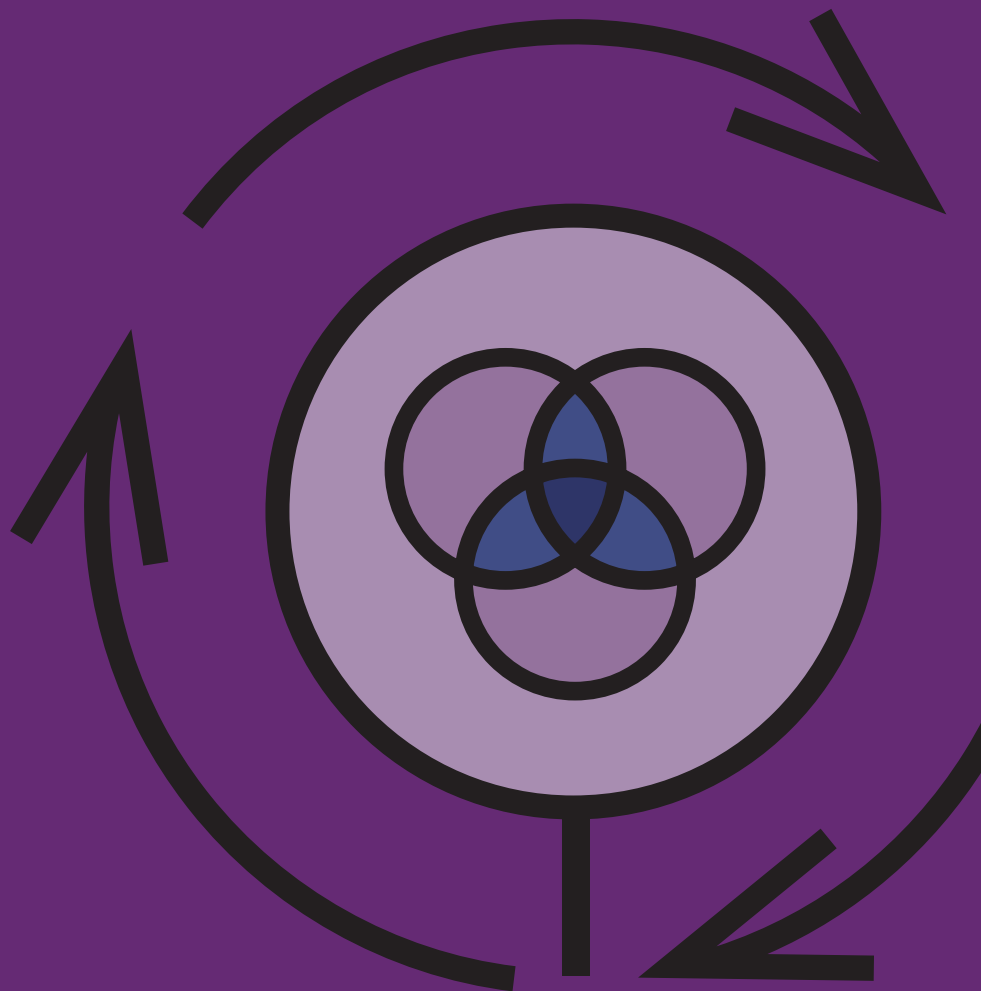
**Rosemary Sinclair**  
CEO  
Energy Consumers Australia

***“Looking ahead to 2017/18, I am excited about our Power Shift work program and exploring and applying its insights about how energy management technology can give consumers a whole new level of control over their consumption and costs. ”***

## EVIDENCE AND COLLABORATION

– listening and connecting

In 2016/17, we continued to work with advocates, researchers and the broader energy sector to gather evidence about the experience of households and small businesses in the National Energy Market, and the challenges they faced in different jurisdictions.





Through our research, our collaboration with others and the work we fund through the grants program, we are building an unparalleled evidence base that informs advocacy.

## EVIDENCE

### Research into the consumer experience

The Energy Consumer Sentiment Survey (ECSS) came of age in 2016/17. We published three sets of results about their levels of satisfaction, confidence and activity during the year – results that provided a new window into what consumers are thinking and doing, and why.

The ECSS revealed that while households and small businesses see competition as a good thing, they are not convinced they are getting value for money in the energy market. Households consistently ranked electricity behind banking, mobile phone, insurance and internet services on value for money. While relatively more consumers indicated they were satisfied with the value for money of gas compared to electricity, it was also shown to lag other key services.

**Consumers are also telling us they do not think the market is working in their long-term interests, and are pessimistic about things improving in the future.**

Where they can, consumers are responding to this lack of confidence in the market and rising electricity costs by investing in technology to gain control over their energy use. In the third ECSS, 26% of households and 21% of small businesses already

have solar systems, while a further 32% of households and 43% of small businesses expect to have solar in the next five years. There is also significant interest in battery storage, although only a small number have invested in this technology to date.

We commissioned UMR Research and KPMG to further explore the significant interest in energy technology.<sup>2</sup> In two reports we published in February 2018, *Usage of solar electricity in the national electricity market (UMR)* and *Residential PV: customer experiences and future developments (KPMG)*, revealed that the consumers who are investing in this technology are principally motivated by finances and peace of mind: to gain control over their energy costs and to become more independent of energy companies and ‘the grid’.

The ECSS also showed that while energy consumers are exploring ways to get a better deal in the retail market, they are not always able to make a change and get a better outcome. We found, for example, a gap between the number of consumers who have actively considered switching to another retailer, and the number that did so.

In Victoria, 60 per cent of consumers have considered switching in the last three years but only 24 per cent switched. And approximately 50 per cent of consumers across the NEM have never switched. The question is of course, why not? Why are consumers, at least on the face of it, passing up the



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<sup>2</sup> <http://energyconsumersaustralia.com.au/publication/consumer-participation-in-solar-and-battery-storage-markets/>



***With energy affordability emerging as a major national issue in 2016/17, the structure and performance of the retail market is under the spotlight.***

opportunity to save hundreds of dollars by changing to a better plan or moving to another provider?

The survey results challenge the notion that the issue is not one of consumer disengagement or apathy.

What it shows is that the information and tools consumers need to make choices and shop around – to go from exploring their options to making changes – is not easily available. It also shows that there is a larger problem in the retail market, given the consumers who have switched are not more satisfied with their electricity services than consumers that have never switched.

The evidence from the research into the lived experience of households and small businesses has been an important foundation of our advocacy to policy and rule makers and industry stakeholders on the need to improve the outcomes for consumers.

### **Retail market research**

Retail electricity and gas prices have increased significantly in the past decade, impacting affordability and pushing up disconnection rates for households and small businesses.<sup>3</sup>

While a good deal of work has been done on the network and wholesale components of bills, much less is known about the retail costs and margins. We do not for example, have useful information about what consumers are paying for the electricity and gas services – a set of figures that may not line up with the advertised prices given the level of price dispersion in the market.

With energy affordability emerging as a major national issue in 2016/17, the structure and performance of the retail market is under the spotlight. The Essential Services Commission in Victoria<sup>4</sup>, the Grattan Institute<sup>5</sup> and the Australian Energy Market Commission (AEMC) in its Retail Energy Competition Review 2017<sup>6</sup>, have investigated retail electricity margins and how they have changed over time. These reviews followed the introduction of full retail contestability and the removal of price regulation in some jurisdictions.

The Australian Competition and Consumer Commission (ACCC) is also reviewing retail electricity prices, while an independent, bipartisan review of retail electricity and gas markets in Victoria delivered its final report on 13 August 2017. The Prime Minister is also pursuing a retail market agenda, securing the commitment of the major retailers to improve outcomes for consumers by hosting retail CEOs in Canberra for a series of practical discussions about what can be done to tackle rising retail prices.

<sup>3</sup> Australian Government Department of Environment and Energy, *Australian Energy Update 2017*, p 20, <http://www.environment.gov.au/energy/publications/australian-energy-update-2017>

<sup>4</sup> Essential Services Commission of Victoria, *Retail Margins in Victoria's Electricity Market*, May 2013, <http://www.esc.vic.gov.au/wp-content/uploads/esc/18/18cdbc4-107b-497a-ab59-6cce797957c7.pdf>

<sup>5</sup> Grattan Institute, *Price shock: Is the retail electricity market failing consumers?*, 30 March 2017 <https://grattan.edu.au/report/price-shock/>

<sup>6</sup> AEMC, *Retail Energy Competition Review*, July 2017, <http://www.aemc.gov.au/Markets-Reviews-Advice/2017-Retail-Energy-Competition-Review>

We commissioned Finncorn Consulting to analyse the business models, profit drivers, cost structures, capital needs and risk management strategies of energy retailers using publicly available company data. Using AGL, Origin and Australian Power and Gas, as case studies, Finncorn identified significant differences in costs and margins between organisations of different sizes and stages in their development.

The key question is whether these cost advantages are being passed on to consumers in the form of lower electricity and gas prices, or whether they are passed on in the form of higher returns for shareholders. The ACCC is now using its information gathering powers to delve into the finances of the retailers as part of its Electricity Supply and Pricing Inquiry, and helps answer the questions posed by our research.

### **Tracking small business energy retail costs**

There are more than 1 million small business electricity consumers in Australia. For many small businesses, particularly those with significant heating, cooling or refrigeration needs, or use electricity to pump water like irrigators, energy can be a major cost of production.

The Australian Bureau of Statistics estimates that small and medium enterprises (SME) i.e. those with less than 200 employees, spend approximately \$10 billion per year for grid supplied electricity and gas. Like households, many small businesses have faced increasing energy costs in recent years, including major price hikes from 1 July 2017.

The ECSS suggests that small businesses have a similar set of concerns about the market to residential consumers: low levels of

satisfaction with value for money; and a lack of confidence in the market delivering good outcomes, both now and in the future.

In 2016/17, we commissioned Alviss Consulting to track retail electricity and gas offers available to small businesses across Australia. Alviss collected retail offers from all major retailers in April 2016 and April 2017, and for AGL, Origin and Energy Australia for July 2017. Using this data, it is now possible to calculate a bill outcome for an SME against a range of consumption levels, and retail tariff types. We will shortly publish this data on the Energy Consumers Australia website as a resource for researchers, policy makers and small businesses. Our analysis indicates that, based on prices as they were at 1 July 2017, an SME with an annual consumption of 40 megawatt hours, and is with one of the Big 3 providers, would be spending between \$9,500 and \$15,900 per year on electricity.

A challenge we faced in this project, and indeed one of the reasons we decided to commission the work, was the paucity of good data about the energy needs of SME's of different shapes and sizes. Working with stakeholders to get a better sense of SME energy consumption patterns, and how these are changing over time, will be a major priority for Energy Consumers Australia in 2017/18.

Energy Consumers Australia will collect and report on retail offers for small businesses from the major retailers again in October 2017 (reporting in November) and in April 2018 (reporting in May).



***The ECSS suggests that small businesses have a similar set of concerns about the market to residential consumers.***

## COLLABORATION

### Working with energy consumer advocates

Energy Consumers Australia's Reference Committee and the members of the National Consumer Roundtable on Energy, form a powerful advocacy network with deep roots into communities across Australia.

We acknowledge the valuable work of members of the first Reference Committee – Carly Hyde, Gerard Brody, Jo De Silva, Gavin Dufty, David Headberry, Kath McLean, Ed Santow, Helen Scott and Peter Strong – over the past two years, and thank them sincerely for their contribution.

The influence consumer groups exercised through network revenue appeals processes during the year – from the National Irrigators Council to the South Australian Council of Social Service – demonstrates the collective strength of the movement, and the role that they can and must play in shaping the transformation of the energy market.

The strong emphasis on rewarding consumers in the Finkel Blueprint, and the spotlight that is now on the retail market via the Thwaites Review in Victoria, and the ACCC Inquiry and the Prime Minister's retail agenda, is in no small part of the result of the hard work of advocates over many years.

Working with these advocates and organisations, and providing information and resources to support their research, advocacy and outreach, is core to our mission at Energy Consumers Australia.

Consumer groups, operate within challenging resource constraints in an extraordinarily complex and dynamic environment.

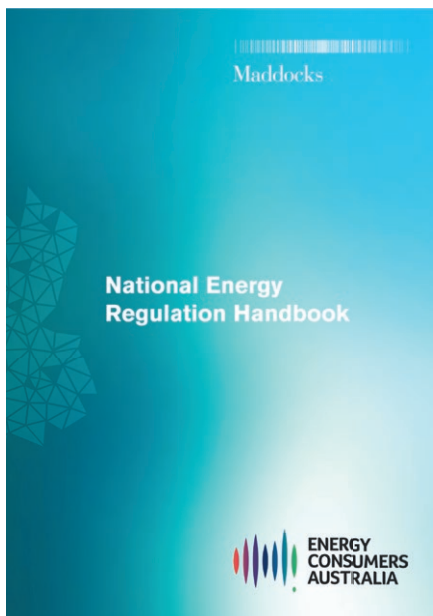
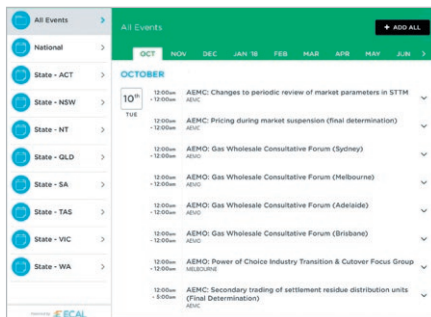
During the year we launched the 'Advocates Calendar' – an online tool that houses information about the range of policy and regulatory processes underway in the NEM in a single location – to give consumer groups much greater visibility over what is happening and where.

We also published the Regulatory Handbook, a comprehensive and accessible overview of the rules governing the supply of energy in Australia, that we developed in collaboration with Maddocks Lawyers.<sup>7</sup>

Facilitating the regular sharing and exchange of information and perspectives on key policy and regulatory processes was also a priority in 2016/17.

We issued Information Bulletins at COAG Energy Council meetings for consumer groups and other key stakeholders, providing additional context and information from public sources, on its decisions and processes.

And we also convened teleconferences with consumer groups from across Australia on a range of issues during the year – from the Finkel Review to rule changes – often with senior representatives from the market bodies or the review teams presenting and participating.



During the year we launched the 'Advocates Calendar' and the The Regulatory Handbook





## Annual Foresighting Forums

Energy Consumers Australia's annual Foresighting Forum brings together the whole energy sector to work collaboratively on key issues affecting the long-term interests of consumers.

Our first Foresighting Forum was held in February 2016, bringing together advocates, regulators, policy makers and industry to tackle a range of issues from big picture challenges (e.g. reconciling the energy 'trilemma'), to more granular, practical issues (e.g. tools to help stakeholders track and engage in policy and regulatory processes).

The *Advocates Calendar* referred to in the previous section was an idea put forward by participants at Foresighting Forum 2016.<sup>8</sup>

We held our second Foresighting Forum on 20-21 February 2017, this year with the theme, *working together for consumer driven future*.

The extended outage of the Basslink Interconnector, and the system black event in South Australia in September 2016, meant energy security and reliability was front of mind for participants in this year's event.

The Hon. Josh Frydenberg MP, Minister for Environment and Energy, opened the event, outlining the key issues and trends in the market, and outlining the Australian Government's policy priorities. Chloe Munro, Chair of the Clean Energy Regulator and member of the Independent Review into the Future Security of the National Electricity Market, also provided an update on the progress of the review, and overview of the findings in the Preliminary Report released in December 2016.

The focus of the interactive sessions at the forum was to go beyond the familiar narratives about the market, to develop a richer, and importantly shared, understanding of what we can do to improve outcomes for consumers as the sector transforms.

Participants walked away from the event, with new perspectives on what a future, consumer-driven market might look like, and what their organisation and they could do to create effective positive change for consumers. Many of the conversations, ideas and takeaways from the Foresighting Forum are available on the new Energy Consumers Australia website, launched during the event<sup>9</sup>.

*Energy Consumers Australia's annual Foresighting Forum*

***The extended outage of the Basslink Interconnector, and the system black event in South Australia in September 2016, meant energy security and reliability was front of mind for participants in this year's event.***

<sup>8</sup> <http://energyconsumersaustralia.com.au/connect/advocates-calendar/>

<sup>9</sup> <http://energyconsumersaustralia.com.au/news/foresighting-forum-2017-multimedia/>



The theme of the third Foresighting Forum in February 2018 will be *Shifting power to consumers in the using, making and trading of energy*. Participants will explore policies, programs and new energy services that could emerge to improve the capacity of households and small businesses to manage their energy bills and usage, and to move the market.

### Board stakeholder forums

The Board of Energy Consumers Australia meets monthly, on a rotating basis in NEM capital cities.

In 2016/17 the Board convened stakeholder forums around their monthly meetings in Adelaide (November 2016), Melbourne (March 2017), Hobart (April 2017) and Brisbane (June 2017).

The stakeholder forums provided the Board an opportunity to engage directly with consumer advocates and other stakeholders in each of the jurisdictions to better understand their priority issues.

Stakeholders in Adelaide were focused on energy security and the impact of outages; while the competitiveness of the retail electricity and gas markets were central concerns in Melbourne. The energy market transition and the impact of high energy prices on vulnerable consumers and small businesses were front of mind for stakeholders at the Hobart forum. In Brisbane, energy prices and how consumers could manage their energy use and costs.

The stakeholder forums were also a platform for sharing the latest research insights – how for example, households can make the most of ‘off-the-shelf’ smart home control devices<sup>10</sup> and how different households make decisions and respond to price signals.<sup>11</sup>

*In 2016/17 the Board convened stakeholder forums in Adelaide, Melbourne, Hobart and Brisbane.*



<sup>10</sup> RMIT – Centre for Urban Research, *Smart home control: exploring the potential for enabling technologies in residential households*, <http://cur.org.au/project/smart-home-control-exploring-potential-enabling-technologies-households/>

<sup>11</sup> Queensland University of Technology, *Taking advantage of electricity price signals in the digital age: households have their say* [https://www.citysmart.com.au/wp-content/uploads/2017/05/Segmentation-model-for-engaging-consumers-digitally\\_final-report.pdf](https://www.citysmart.com.au/wp-content/uploads/2017/05/Segmentation-model-for-engaging-consumers-digitally_final-report.pdf)

## Speaking up for consumers in market forums

We spoke up for households and small businesses in a range of standing policy and technical committees and forums in 2016/17, including:

- AEMO Power of Choice Executive Forum
- AEMO Consumer Forum
- AEMO Information Exchange Committee
- AEMO NEM Wholesale Consultative Forum
- AEMC Consumer Priorities Forum
- AER Customer Consultative Group

We also represented energy consumers in key regulatory reform processes, including the industry working group convened by the AEMC to provide input on the proposal to move to 'five minute settlement' on the electricity wholesale market,<sup>12</sup> and the Advisory Group supporting the implementation of the COAG Energy Council's Gas Market Reform agenda, which is reshaping pipeline regulation in Australia<sup>13</sup>.

Energy companies and industry representative bodies are also now engaging with consumers and other stakeholders in a more systematic way. We brought a strong national consumer perspective, and a focus on outcomes, to the discussions in these fora, including:

- Jemena Gas Customer Council
- Jemena Electricity Customer Council
- Essential Energy Regulatory Proposals Board Sub-committee
- Ausgrid Customer Consultative Committee
- Powerlink Customer and Consumer Panel
- Ausnet Services Consumer Consultative Committee
- South Australian Power Networks Customer Consultative Panel

We also pressed for better outcomes for consumers directly with the leadership of the major energy companies, presenting at Energy Networks Australia CEO's Forum and the Australian Energy Council CEO Forum.

## New insights into energy markets

We also pursued projects aimed at tackling persistent and emerging issues for consumers.

### Keeping people connected

Finding ways to reduce the number of households and small businesses that are disconnected from their electricity or gas supply is an on-going priority for Energy Consumers Australia and this work continued during 2016-17.

Our work indicates that around 160,000 households and 11,000 small businesses are disconnected from electricity and gas supply every year. This represents a significant increase over the past decade, and appears to track increases in prices.

Research conducted by KPMG for Energy Consumers Australia, and published in November 2016 in a report, Quantifying the costs of customers experiencing difficulties in paying energy bills, found a huge cost to government and industry of disconnections, with approximately \$820 million being spent every year on affordability schemes, and a further \$10 million on ombudsman services. The research identified a further \$11 million in direct costs to industry of disconnections, without accounting for the overall costs to society that are much harder to quantify.



<sup>12</sup> <http://www.aemc.gov.au/Rule-Changes/Five-Minute-Settlement>

<sup>13</sup> <http://gmrg.coagenergycouncil.gov.au/advisory-panel>





***The importance of consumer access to data was identified in a number of major reports this year.***

While it has not proved possible to gain direct access to the costs to energy retailers of various hardship schemes they operate, KPMG estimated that industry could be spending around \$270 million per annum for this purpose. With the significant price rises taking effect from 1 July 2017, we expect the disconnection rates reported by the Australian Energy Regulator will continue to rise.

We are now exploring the systemic drivers of disconnections for households and small businesses, looking beyond interventions in retail energy markets, such as early engagement and improved hardship policies and practices, to include housing and incomes policy.

Addressing these drivers using a systemic and integrated approach could lessen the significant hardship experienced by consumers due to disconnection, particularly those households that experience repeated disconnections for inability to pay as identified in the St Vincent De Paul Society's Households in the Dark report. We are continuing to consult widely with stakeholders following a presentation on the findings to date at the COAG Energy Council Stakeholder Forum in December 2016.

### **Accessing and using data**

The importance of consumer access to data was identified in a number of major reports this year: the AEMC–Climate Change Authority report for the Energy Council, *Towards the next generation: delivering affordable, secure and lower emissions power*; the *Blueprint for the Future* by the Independent Review into the Future Security of the National Electricity Market; the Productivity Commission's *Data Availability and Use* report; and the AEMC's *Retail Competition Review 2017*.

Better use of meter data can help consumers compare products and services, and maximize the value of their investment in rooftop solar PV, batteries and other technology. Tools to analyse pricing will facilitate consumer take-up of cost reflective prices, while optimised distributed energy resources responding to cost structures will help reduce peak demand.

We published a discussion paper on *electricity data portability*, exploring options to make it easier for consumers to access, use and benefit from their electricity meter data in July 2017.<sup>14</sup> The paper provides an overview of the current arrangements that govern the use of meter data, explores drivers and opportunities for reform and outlines an industry-led process to deliver 'data portability'.

### **Consumer protections**

Consumer protection frameworks provide consumers with the confidence and tools to participate in markets. The value of this activity extends beyond the immediate return to the affected consumer; efficient markets promote economy wide benefits.



It is widely recognised that the way in which consumers are buying energy and energy services is changing. Throughout the year we responded to the COAG Energy Council's consumer protection and new energy services agenda, including in regard to the purchase of solar and other technologies not regulated under the current framework, and so-called 'stand-alone' systems. We also responded to the AEMC's Review of embedded networks, proposing that consumers in embedded networks should have no lower level of consumer protection than consumers who purchase their energy directly through the retail market.

Given that energy may now be supplied traditionally through the grid, and supplemented by new distributed energy resources, there is a need to consider the consumer protection framework holistically.

We are now undertaking a more fundamental review of contemporary energy consumer protections, and have released a discussion paper which will identify three threshold issues for the evolution of consumer protections for energy services:

1. Optimal approaches to ensure the consistency of consumer rights in the acquisition of all energy services,
2. The best approaches to the extension of external dispute resolution schemes to cover all energy service transactions, and
3. The opportunity to introduce an enforceable code regime in the energy market.

We look forward to consulting with stakeholders on this review.



***Consumer protection frameworks provide consumers with the confidence and tools to participate in markets.***

## POLICY AND ADVOCACY

– your voice heard

In 2016/17, we spoke-up for Australian households and small businesses being buffeted by rising electricity and gas prices and uncertainty about security and reliability in a transforming market.



In a year where energy was elevated to an issue of pressing national significance, we leveraged our unique evidence-base to inform and shape how governments, regulators and businesses responded.

Our watchword during this tumultuous period has been 'affordability'. How do we ensure that we keep the power on this summer, and over the longer-term, at least cost? How do we ensure that all consumers have the information and tools they need to manage their consumption and costs as the market transforms? How do we align network investment plans with the needs and priorities of consumers?

#### **Animating the retail market... focusing on consumer outcomes**

The role that retailers are playing in a market where wholesale prices are surging, and being passed-through to consumers, emerged as a major policy issue in 2016/17.

Energy Consumers Australia was a strong and active contributor to the debate about the state of the retail market – feeding our research and analysis into the Independent Review of the Electricity and Gas Market in Victoria that reported in August 2017, and the ongoing Australian Competition and Consumer Commission (ACCC) that commenced in March 2017.

We engaged in these processes, as well as the annual AEMC Retail Competition Review, with the objective of grounding the work in the reality, on-the-ground, of the market for Australian households and small businesses.

We used the Energy Consumer Sentiment Survey (ECSS), which we published for the first time in July 2016, and then again in December 2016 and June 2017, to offer a whole new level of insight into what energy consumers are thinking about their electricity and gas services, their perceptions about the level of competition, and the decisions they're making in the market.

We showed, for example, that many more consumers are considering switching than are ultimately switching – challenging the view that consumers are not interested in engaging in the market and that is why they're not getting great outcomes.

We used the ECSS to show that consumers who do switch are not more satisfied with value for money than those who do not – a counterintuitive result that may explain why consumers do not believe the market is working in their interests.

And we also brought a new, cross-sectoral perspective to the debate, presenting evidence that electricity consumers believe they're getting better value for money in insurance, mobile phone, internet and banking markets.



***Our watchword during this  
tumultuous period has been  
'affordability'.***





### Keeping the power on...and affordable

The system black event in South Australia, and the subsequent review by the independent panel led by the Commonwealth Chief Scientist Dr Alan Finkel, was a major focus for our advocacy in 2016/17.

In our written submission and discussions with the Independent Panel, we outlined the implications of a decade of price rises, as well as new technology and changing consumer preferences, for the task of keeping the power on, and costs in check, as the market transitioned.

Through all this work, we offered a level of insight and analysis that went beyond the familiar supply-side and ‘disruption’ narratives to describe the reality on the ground for households and small businesses, and explain the basis for the decisions they’re making.

We described for example, how the main drivers for the rapid uptake of rooftop solar PV and the huge interest in battery technology were the deeply-held views, uncovered by the Energy Consumer Sentiment Survey, that traditional electricity services do not represent value for money and are not delivering the cost certainty households and small businesses want.

We also explored the way change in the market was impacting different energy consumers: whether that be vulnerable and low-income households struggling to manage rising costs; renters with little control over the energy efficiency rating of their house or access to rooftop solar PV; or small businesses for whom electricity and gas are major inputs costs.

Our unique view of energy consumer preferences, needs and expectations formed the basis for our contribution to the discussions about solutions – about how to address the immediate system security and affordability challenges, but also lay the groundwork for the orderly transformation of the market.

One of our highest priorities was ensuring that proposals for new infrastructure and generation capacity to shore up system security were assessed through a strong affordability lens – that potentially cheaper solutions that leveraged technology, enlisted the demand-side of the market and empowered consumers, were fully considered.

This need to ensure that a balanced, whole-of-system approach was a foundation for NEM 2.0 was not only central to our advocacy in the Finkel review, but also in other processes such as the Australian Energy Market Commission’s System Security Market Frameworks Review (AEMC) and the joint AEMC-Climate Change Authority Power Affordability and Reliability Review.

We also sought to go beyond what needed to be done, to identify and champion practical examples of how it could be done. We highlighted the strong community response to requests by the Australian Capital Territory and New South Wales governments to reduce their consumption during the February heatwave, we applauded Mojo Power’s innovative use of SMS and financial payments, and we promoted Energex, United Energy and Horizon Power’s demand response initiatives.



***We also sought to go beyond what needed to be done, to identify and champion practical examples of how it could be done.***



### **Keeping a lid on network costs**

We engaged on a range of issues up and down the supply-chain during 2016/17 to improve price and affordability outcomes for consumers.

Maintaining and operating the poles, wires and pipelines that transport electricity and gas accounts for up to 50 per cent of the average retail bill. These costs are higher than they need to be in some parts of Australia because networks have successfully appealed the Australian Energy Regulator's decisions.

We were a strong advocate for consumers in ongoing appeals processes in NSW, South Australia and Victoria – giving evidence at Australian Competition Tribunal (ACT) community consultations and helping coordinate and support interventions by state-based consumer organisations.

This strong consumer voice was a major factor in the ACT's decision on 28 October 2016 to reject the South Australian Power Network's \$250 million appeal. Along with PIAC and the Consumer Utilities Advocacy Centre (CUAC), we also successfully argued for changes to the community consultation framework in the Victorian appeals to make it easier for consumer to participate in the process.

Drawing from the lessons of PIAC's landmark intervention in the NSW network appeal in 2015/16, and our own experience as a participant in the process, we advocated major changes to the Limited Merits Review (LMR) framework itself.

In our 6 October 2016 submission to the COAG Energy Council LMR Review, we outlined how earlier reforms to focus the appeals framework on the long-term interests of consumers, to

make it less legalistic, and to move it away from narrow 'error-correction', had failed and made recommendations about what needed to be done to fix it.

Several of the changes we canvassed in our submission – including setting the core financial parameters of the revenue determinations in a single binding process rather than on a network-by-network basis, and enhancing the AER's regulatory framework to better incentivize and support direct, upfront engagement between the networks and their customers – are now being progressed.

We also supported other changes to the regulatory framework for networks to help keep a lid on costs.

We represented households and small businesses in the Gas Market Reform Group's discussions with industry about the implementation of sweeping reforms to the way gas pipelines and the gas wholesale market are regulated – including to ensure that disputes are worked through commercially rather than bogged-down in adversarial appeals processes.

We helped shape the AEMC's approach to its new annual review of the way energy networks are regulated – arguing strongly for better cost benchmarking methodologies and more rigorous profitability reporting.

And we backed changes to the National Electricity Rules to bring more rigor and consistency to the assessment of the costs and benefits of investments in the electricity transmission network.

***We engaged on a range of issues up and down the supply-chain during 2016/17 to improve price and affordability outcomes for consumers.***





***We are convinced that updating the regulatory framework can only take us so far. What is needed is a more fundamental shift in culture and business models.***

### **Energy businesses and transformation**

We are convinced that updating the regulatory framework can only take us so far. What is needed is a more fundamental shift in culture and business models.

For networks to play their part in the new energy market, to provide the vital transportation and information services that will underpin the next generation of energy services, they need to shift their culture and focus from assets, infrastructure and regulation, to consumer outcomes.

We engaged with network businesses and their peak body Energy Networks Australia (ENA) to define and build support for this re-invention challenge throughout the year. We were a key contributor to the ENA's Network Transformation Roadmap that was finalized in April 2017, a strong voice for better, more robust and open engagement processes on network customer committees and a source of expertise and insight on international best practice.

### **In the public debate**

Bringing a strong, evidence-based perspective to the big public debates about energy and consumer outcomes is core to our mission at Energy Consumers Australia.

Throughout the year, we sought to decode, untangle, and re-frame the challenges and priorities in the energy market: a market where complexity, and a focus on the system and the infrastructure, rather than the people it is there to serve, often stands in the way of understanding and action. We did this by grounding our commentary in what consumers are telling us – the principle vehicle for this being the ECSS and our other research.

The ECSS was covered extensively across, print, online and radio, during the year: from the Sydney Morning Herald, *Consumers not happy with power companies, survey finds*,<sup>15</sup> ABC Radio Canberra's Breakfast Program, *Energy Consumers survey reveals Australians concerned about electricity prices and competitive market*<sup>16</sup> to talkback with Leon Byner on 5AA Adelaide.<sup>17</sup> The CEO also appeared on ABC's Q&A program on Australia's energy future in June 2017.<sup>18</sup>



Our people also presented at a range of conferences and events in 2016/17, including:

- Putting consumers and small business first in the transition to a cleaner economy, Australian Clean Energy Summit, July 2016.
- Disruption, security and future energy costs, National Energy Efficiency Council Conference, November 2016.
- Opening address, Improving Residential Energy Efficiency International Conference, February 2017.
- Panellist, Gas Markets: policy and investment outlook, CEDA, February 2017.
- Community expectations and concerns, Welcome to the Grid Edge, Energy Networks Australia, May 2017.



<sup>15</sup> <http://www.smh.com.au/business/consumer-affairs/consumers-not-happy-with-power-companies-survey-finds-20160726-gqdso0.html>

<sup>16</sup> <http://www.abc.net.au/radio/canberra/programs/breakfast/energy-consumers-survey-shows-concerns-about-prices-market/8686624>

<sup>17</sup> <https://soundcloud.com/fiveaa/electricity>

<sup>18</sup> <http://energyconsumersaustralia.com.au/news/qa-australias-energy-future/>

## Power Shift

– affordability outcomes for consumers

A significant contributor to household cost of living pressures is rising retail electricity and gas prices and consumers are looking for opportunities to save money.





While our broader advocacy work continues to focus on ways to bring down retail electricity prices, we also need to ensure consumers are able to take direct action themselves to control their energy use.

Through our Power Shift project, we are gathering evidence on the policies, programs and initiatives that, if widely implemented, would help consumers manage their energy use and build confidence in the energy market.

Power Shift is funded through a \$2 million grant from the Australian Government. The grant will build on the outcomes from the 20 pilots funded through the Low Income Energy Efficiency Program (LIEEP), and undertake additional research to:

- improve our evidence-based understanding of what really works in supporting vulnerable consumers to give them control and manage their energy bills; and
- identify opportunities for market-led solutions and other initiatives to support vulnerable consumers to have control and manage their energy bills.

Through Power Shift and its Reference Group we are engaging collaboratively with a range of advocates and stakeholders – many who have deep grassroots experience in running these programs – as well as agencies such as the International Energy Agency to share resources, research, information and tools that can be used to improve the lived experience of consumers. Energy Consumers Australia also presented Power Shift to the OECD Forum on Behavioural Insights and Public Policy Making in May 2017.

Our work on Power Shift is taking place in a wider context of disruption, where consumers are increasingly taking control over their energy experience through investment in distributed energy such as solar systems. In the future, we expect there to be greater take-up of battery storage, electric vehicles and other technology which could significantly reduce consumers reliance on the grid.

As we transition to this future, it is important to recognise that consumers can play an active part in the energy system and should be rewarded for their activity, such as adjusting the settings on their appliances, shifting their use or contributing generation to the grid where it can reduce the need for expensive grid investment. This means a fundamental change in retail electricity pricing, coupled with better information and tools to help consumers make the best choices.

We see industry playing a bigger role than it has in the past to support the uptake of energy efficiency options by consumers, in addition to the valuable work that has been funded over a number of years by government to support improvements in energy efficiency, energy productivity and sustainability.

*Through Power Shift and its Reference Group we are engaging collaboratively with a range of advocates and stakeholders.*



While LIEPP was targeted at low income households, with a focus on energy efficiency, the insights gained in Power Shift could inform policies, programs and initiatives to influence energy use across a wider range of residential household types to support this energy transition.



## ECA activities in 2016/17

### Group of Energy Efficiency Researchers Australia (GEERA)

From the outset, Energy Consumers Australia committed a small proportion of the Power Shift funding to support the ongoing work of the Group of Energy Efficiency Researchers Australia (GEERA). This multi-disciplinary network is made up of researchers that were partners in the LIEEP projects and we saw value in their continuing collaboration and support for Power Shift.

As part of their funding GEERA held an international conference Improving Residential Energy Efficiency in February 2017, which saw over 80 researchers and policy-makers from Australia and overseas present on their work.

### Building the evidence base from LIEEP

Over 32,000 low-income households participated in the LIEEP projects, which tested 42 different types of energy efficiency initiatives. The initiatives varied in their complexity and cost, and had varying degrees of success. Examples of some of the more successful initiatives include:

- SMS messages with energy efficiency tips to encourage people to reduce consumption at times of peak demand;
- community champions to provide a standing resource of energy efficiency advice within a geographic or CALD community;

- using gamification to communicate energy efficiency tips;
- in-home energy audits and advice about energy efficiency;
- retrofitting households for efficient energy use (e.g. replacing; and lights, sealing draughts, appliance replacement, insulation).

Our initial analysis has provided valuable insights, which we have informed our policy advocacy. For example:

- given the right tools and capacity, vulnerable consumers will take action to manage their energy use. The 20 pilots reported reductions in energy use of between 2 – 12%;
- there is not enough assistance offered by retailers to help households manage their bills – one trial resulted in participants saving 10% simply by helping them negotiate a better deal;
- consumers are not confident energy retailers are working in their interests – the organisations trusted to advise LIEEP households were community organisations and researchers;
- the capacity of consumers to use energy efficiently is bound by the thermal efficiency of their dwelling and appliances.
- some housing stock was so poor that the intervention had no impact at all. This has been reinforced by work done by AGL and the Essential Services Commission in Victoria;
- the difficulties are greater for renters, who have little ability to affect the energy performance of their dwelling and installed appliances such as heating or cooling, water systems and cooking; and it was difficult to recruit landlords to participate in programs, even when offering a free reverse-cycle air conditioner; and
- energy is critical to health, wellbeing and social inclusion. Health (and

mental health) costs can be impacted by people living in homes that are not protected against extreme temperature and dampness. There is a need to ensure a focus on energy efficiency does not encourage unhealthy rationing.

The Power Shift evidence base also provides valuable insights into how to connect with households, to encourage participation. The deliverers of the program or initiative have to understand the needs of their target group, and adapt their communications strategy and energy efficiency toolkit accordingly. A segmented approach was designed which recognised household ‘types’ based on their attitude to energy to help retailers and program managers engage consumers.

LIEEP also used innovative digital engagement strategies which proved a cost-effective means to reach households.

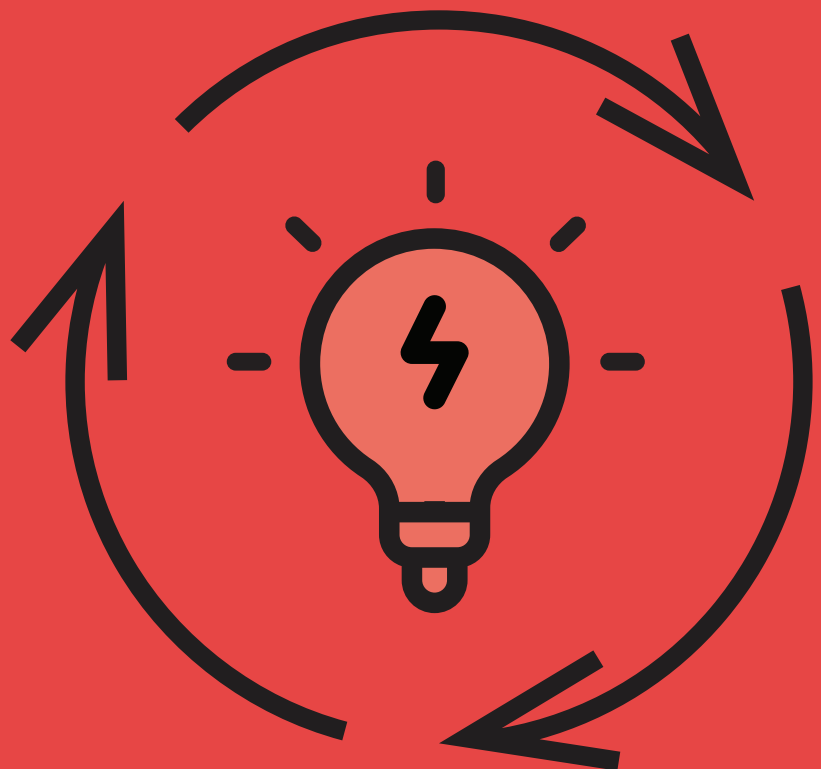
**Over 32,000 low-income households participated in the LIEEP projects, which tested 42 different types of energy efficiency initiatives.**



## GRANTS

### – backing bright ideas

The Energy Consumers Australia Grants Program funds high quality, innovative projects for organisations to undertake research and evidence-based consumer advocacy that helps progress energy market change in the long-term interests of consumers.





The Grants Program is fundamental to our constitutional objectives to build knowledge and sectoral capacity supporting policy development and consumer education in the National Energy Market across both electricity and gas markets.

Since its establishment, Energy Consumers Australia has considered 192 applications, and approved total funding of \$7.7 million for 121 grants across three years.

#### **Energy Consumers Australia Grants Program structure**

Energy Consumers Australia offers three sub-programs:

- **Advocacy:** on issues of material importance to residential and small business consumers, and to build sectoral capacity.
- **Research:** to inform and support advocacy by providing a robust, topical and well-informed evidence base, and to build knowledge among advocates, decision-makers and industry on consumers' experience in the market.
- **CEO Grants:** to provide funding of up to \$10,000 for consumer engagement and advocacy in government, regulatory, or industry decision-making processes where the timelines do not enable an application to the quarterly grant rounds; and for advocates to research relevant international programs, policies or initiatives that advance the long-term interests of consumers. The amount available for CEO Grants within the total program is capped at \$60,000 annually.

We select applications through the lens of Energy Consumers Australia's Strategic Priorities, using our Grants' Eligibility & Selection criteria.

Since transitioning from the Consumer Advocacy Panel, the Grants Program has continued to evolve to meet the needs of applicants. From March 2016 we have not restricted the maximum length of a grant to twelve months, as had been the case under the Consumer Advocacy Panel. This opportunity provides recipients with greater funding certainty, and the ability to undertake longer term projects.

Grants longer than twelve months are described 'multi-year grants'. Where the project is for two years or more, there are generally additional reporting obligations. Funding for these grants may be committed either from the current financial year, or in future years as appropriate.

As part of requirements under the Grants Program, Energy Consumers Australia continues to seek a co-contribution from applicants towards the overall cost of the project. While no strict threshold has been set, the Board assesses the applicant's (or its members') ability to pay or to contribute.

***Since its establishment, Energy Consumers Australia has considered 192 applications, and approved total funding of \$7.7 million for 121 grants across three years.***





### Grant Applications 2016-17

Energy Consumers Australia received 70 applications for funding in 2016-17 for a total of \$6.2 million.

There is a growing diversity in the range of applicants: advocates that sought funding in 2016-17 included organisations that represent low income consumers, residential consumers including rural and regional consumers, and small and large businesses, including agribusiness. Funding for research has been provided to environmental advocates, as well as research centres, universities, and expert consultants. The breakdown of grant applications is shown in Figure 1.

There is a sustained improvement in the quality and rigor of applications and projects, with many adopting strong project management approaches and producing robust outputs. This has resulted in more informed and influential evidenced-based research and advocacy,

supporting our work and the work of Energy Council Ministers, policy makers, regulators and review panels at national and jurisdictional levels.

### Grant Decisions 2016 -17

Of the 70 applications considered by the Energy Consumers Australia Board, 39 grants were approved for total funding of \$2.9 million. In addition, the applicants for these projects made co-contributions of \$1.3 million (or 30% of total project costs).

Annual and forward grant funding commitments for the 2016 -17 and future years are shown in Figure 2. Funding of \$2.1 million for 2016-17 projects includes some funding for projects approved in 2015-16 (in advance) as well as those approved during this year.

Table 1, below, lists some of the key grants projects underway that have been approved for funding in 2016-17

Figure 1: Funding applied for in 2016-17 by organization type

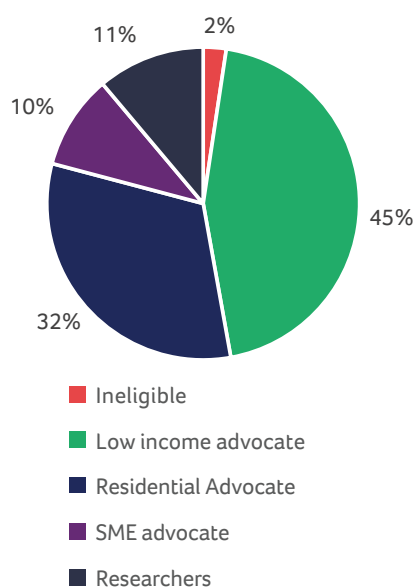


Figure 2: Annual funding commitments, current and future years as a proportion of total available financial year funding

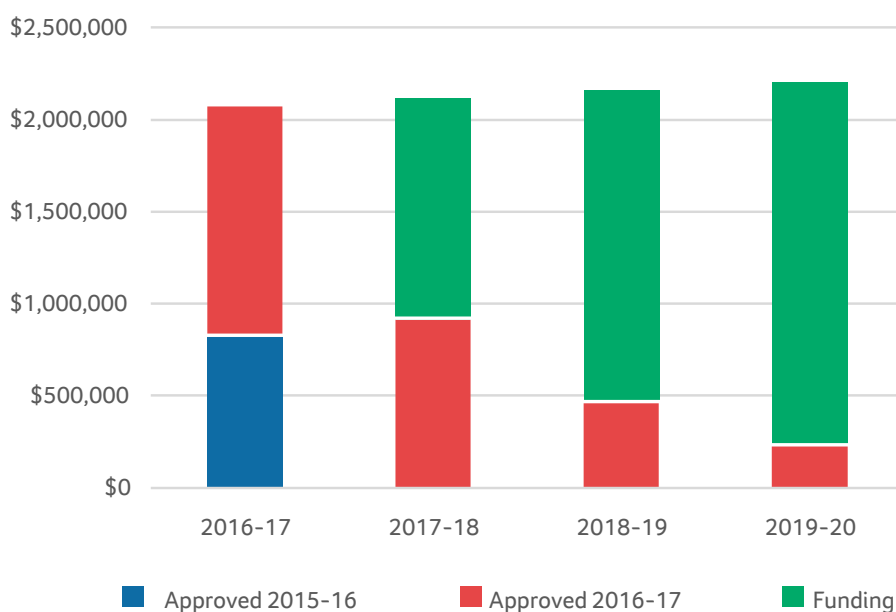


Table 1: Grants projects

|   |   |
|---|---|
| <b>Participation in current review and regulatory processes</b>                                 | <ul style="list-style-type: none"> <li>• Engagement in the Independent Review into the Future Security of the National Electricity Market (Total Environment Centre, AP 867)</li> <li>• Engagement in the ACCC Electricity and Prices Inquiry (Tasmanian Small Business Council, AP 894 and National Irrigators Council, AP 893)</li> <li>• Engagement in the Queensland Competition Authority South East Queensland Retail Electricity Market Monitoring 2016-17 Scoping Paper (QCOSS, AP 862)</li> </ul>  |
| <b>Representing small business interests</b>  | <ul style="list-style-type: none"> <li>• Advocacy on behalf of small business to the Tasmanian Energy Security Taskforce Inquiry (Tasmanian Small Business Council, AP 834)</li> <li>• Opportunities for more affordable, reliable and secure energy in the national electricity and gas markets (Australian Chamber of Commerce &amp; Industry, AP 888)</li> <li>• Estimating the impact of electricity bills on business in regional Queensland (Cummings Economics, AP 833)</li> </ul>   |
| <b>The interests of traditional vulnerable consumer groups</b>                                  | <p>Advocacy on behalf of vulnerable Tasmanians to manage their energy costs (Tasmanian Council of Social Service, AP 849)</p> <ul style="list-style-type: none"> <li>• Empowering low-income households through electricity decarbonisation (Climate Institute, AP 857)</li> <li>• Monitoring &amp; assessment of energy engagement guidelines for engaging with culturally and linguistically diverse (CALD) consumers (Ethnic Communities Council NSW, AP 850)</li> </ul>   |
| <b>Empowering consumers through the energy market transformation</b>                            | <ul style="list-style-type: none"> <li>• Research and advocacy materials on the feasibility of rural electricity users in Queensland going off-grid, in particular irrigators (Bundaberg Regional Irrigators Group, AP 832)</li> <li>• Systemic advocacy training and support for representatives of older energy consumers (COTA Australia, AP 870*)</li> <li>• Voices for Power, building a multicultural movement to advocate for low income and migrant energy consumer needs. (Sydney Alliance, AP 865*)</li> <li>• Empowering irrigation consumers to improve their long-term electricity purchase arrangements (National Irrigators Council, AP 892)</li> </ul>  |
| <b>Accessing affordable energy</b>  | <ul style="list-style-type: none"> <li>• Exploring the nexus of energy use, ageing, and health and wellbeing among older Australians (Macquarie University, AP 887*)</li> <li>• Evaluating energy management options in community housing multi-unit dwellings to reduce energy costs for community housing tenants (Q Shelter, AP 876)</li> <li>• Who Pays? Access to affordable energy for domestic retail consumers (Consumer Action Law Centre, AP 878*)</li> <li>• Paying forever? Providing fair access to new energy products and services (Consumer Action Law Centre, AP 879*)</li> <li>• Good Choice/Bad Choice - fair access to the benefits of a competitive retail energy market for domestic consumers (Consumer Action Law Centre, AP 880*)</li> <li>• What works? Using Behavioural Economics to Evaluate Policy Levers (Nudge, Hug, Smack and Shove) to encourage uptake of time-of-use (ToU) electricity tariffs (Queensland University of Technology, AP 889)</li> </ul> |
| <b>Providing data, information and tools to assist consumers, advocates and decision makers</b> | <ul style="list-style-type: none"> <li>• 2017 Green Electricity Guide (Total Environment Centre, AP 863)</li> <li>• Retail tariff tracking and bills analysis in NSW, Queensland, South Australia, the ACT and Tasmania post price resets in July 2017, 2018 and 2019 (St Vincent de Paul Society, AP 898)</li> </ul>   |

*\* indicates a multi-year grant*



### Grant purposes

Within the Grants Program funding for projects approved in 2016-17, there is a balance between projects that focus on national energy market issues (54%) and projects that consider jurisdictional differences in energy markets and the national implications (46%).

A majority of funding was for advocacy projects (84%, including CEO Grants) with the remainder of the projects undertaking research to support evidence-based advocacy.

A majority of funding was for energy market projects looking at both electricity and gas market issues (60%), reflecting the strong interrelationships between gas market and electricity market policy in the setting of wholesale market prices, and in considering electricity security and reliability. A further 36% of funding was for projects that focused more specifically on electricity market issues.

Figure 3, shows the grants approved for funding in 2016-17 and future years by strategic theme.



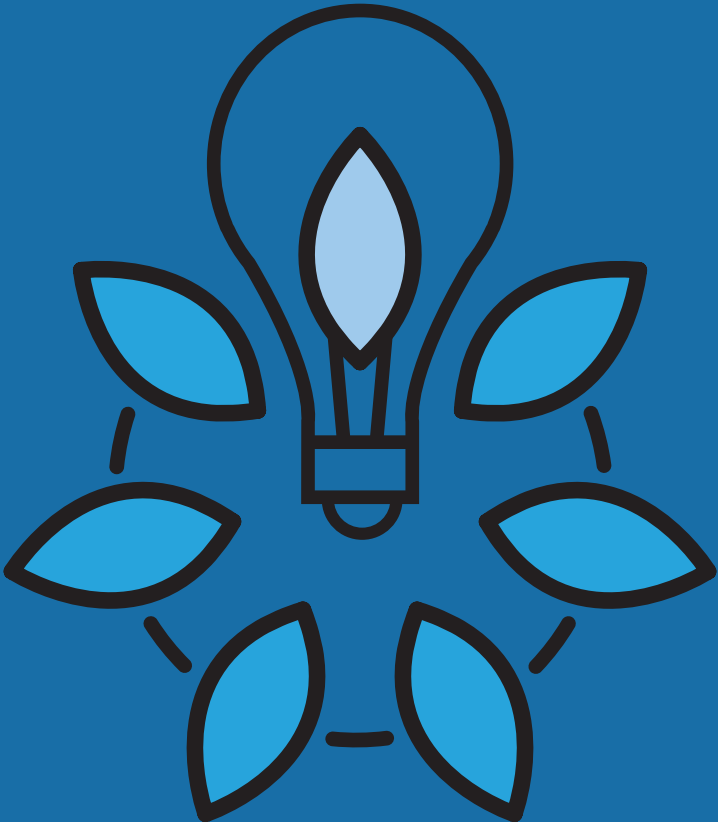


Figure 3: Grants projects approved in 2016-17 by strategic theme



*A majority of funding was for advocacy projects (84%, including CEO Grants) with the remainder of the projects undertaking research to support evidence-based advocacy.*

# GOVERNANCE TEAM



## About Energy Consumers Australia

Energy Consumers Australia is an independent body established, through an initiative of the Council of Australian Governments Energy Council (COAG Energy Council), to provide residential and small business consumers with a strong and influential voice in national energy matters. It is incorporated as a company limited by guarantee and funded by consumers from levies collected by the Australian Energy Market Operator (AEMO).

### Our Role

Energy Consumers Australia's Constitution, as agreed by the COAG Energy Council sets out our Objective, as well as the Activities to achieve it.

### Objective

"To promote the long-term interests of Consumers of Energy with respect to price, quality, safety, reliability and security of supply of Energy services by providing and enabling strong, coordinated, collegiate evidence-based consumer advocacy on National Energy Market (NEM) matters of strategic importance or material consequence for Energy Consumers, in particular of Residential Customers and Small Business Customers."

### Activities

- Effectively and objectively participate in National Energy Market issues and influence regulatory activities and energy market reform to benefit consumers.
- Engage and communicate with consumers and consumer advocates.
- Build national and jurisdictional expertise and capacity through

research, knowledge development and consultation.

- Undertake robust research to build knowledge, engage and influence policy development and educate consumers in the energy markets.
- Fund and manage grants to build knowledge and sectoral capacity supporting policy development and consumer education in the National Energy Market.
- Create and maintain effective working relationships with key stakeholders.
- Develop and apply an understanding of the distinct market differences between jurisdictions within the National Energy Market.
- Frequently and collaboratively engage and communicate with representatives from the Energy Industry on issues in the interests of Consumers.

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

Each of the laws includes an objective to "promote efficient investment in, and operation and use of, services for the long-term interests of consumers." In plain language, consumers should pay no more than is necessary for the energy services they want.

### Strategic Priorities for Energy Markets

The Energy Consumers Australia Board identified five Strategic Priorities for Energy Markets in 2015/16 and continued to use these priorities to guide and evaluate progress in the 2016/17 year. The priorities are designed to promote the long-term interests of residential and small business consumers and support the move to a consumer-driven National Energy Market.



1. Consumer preferences and decisions drive electricity and gas networks decisions and electricity and gas markets outcomes.
2. Consumer choice is enabled through information and innovation from retail service providers offering affordable and quality energy services.
3. Competition is stronger as a vibrant market for new energy services and technologies develops over the next 5 years.
4. Consumers participate in energy markets with confidence. Where needed, contemporary harmonised safeguards such as income support, complaints handling and dispute resolution are in place to support consumers.
5. Consumer interests are supported through sector Governance arrangements which promote effective competition where viable and best practice regulation of monopoly services.

***Our Board Members bring a wealth of knowledge and experience in consumer advocacy, the energy market and regulation. Each Director brings their own unique perspective to ECA's strategic direction.***

## Board

### Louise Sylvan (Chair)

Louise Sylvan is the former Chief Executive Officer of the Australian National Preventive Health Agency. Louise was a Commissioner of the Productivity Commission and previously Deputy Chair of the Australian Competition and Consumer Commission where she was appointed for her expertise in consumer affairs. Louise is also the Deputy Chair of the Australian Advisory Board on Impact Investing, Director, Social Enterprise Fund Australia and Director, Risk Policy Institute. Louise is a Fellow of the Australian Institute of Company Directors.

### Catherine Cooper

Catherine Cooper was a past member of the Consumer Advocacy Panel. She has senior management experience with large companies including Elders Ltd, Futuris Corporation and Fosters Brewing Group. She has been involved in a number of industries including energy, finance, banking, insurance, agribusiness, legal and commercial, and health and education.

Catherine is the Chairperson of Council Solutions -Shared Services/ Procurement and holds a number of directorships in a range of organisations including Australian Egg Corporation Limited, Beston Global Foods Company, GPEX – Medical Education and Training and is also e-Member of the District Court Panel Experts – Barley Industry, District Court Assessment Panel Member pursuant to the Gas Act 1997, Member South Australia Health Audit and Risk Committee, Member Risk and Audit Committee, Department for Planning, Transport and Infrastructure, South Australia and Director Environmental Protection Authority. She is also a commissioner with the Australian Fisheries Management Commission.



## Steven Graham

Steven Graham is a former Chief Executive of the Australian Energy Market Commission, a position he held from early 2006, until mid 2013. He has held several commercial and change management roles across the national electricity market and government, including roles in RailCorp, Eraring Energy, Pacific Power and NSW Treasury. He has extensive experience in the development of efficient organisations, finance, information technology, project management, commercial contract negotiation, contract management and corporate governance.

As Chief Executive of the Australian Energy Market Commission, Steven was responsible for the establishment of a professional, highly regarded energy market institution focused on the long-term interests of consumers. He is a member of the Australian Institute of Company Directors and has served on a range of boards including Pacific Western Pty Ltd, Energy Efficient Research Centre Ltd and Eraring Holdings Pty Ltd. He is currently a member of the board of St Lucy's School Wahroonga.

## Virginia Hickey

Virginia is a lawyer, corporate governance expert and a company director. She was previously a partner of commercial law firm, Finlaysons. Virginia has significant experience in national regulatory environments through her previous governance positions as a National Transport Commissioner, as a National Councilor and as the Independent Chair of the Telecommunications Ombudsman Council. Virginia's private sector board positions have included Flinders Ports Pty Ltd, a private company which owns the Port of Adelaide ports.

She has also been on a range of government boards as well as on a number of private, government and not for profits. Virginia is currently a director of People's Choice Credit Union, SAFECOM, the Independent Chair of Fertility SA and the chair of the Audit and Risk Management Committee of Public Trustee, South Australia.

## Clare Petre

Clare Petre was the Energy & Water Ombudsman NSW from 1998 to 2014. She was previously the Senior Assistant Commonwealth Ombudsman. Clare has experience in the community sector, with government, and the media. She has worked with community legal centres, as a reporter with ABC TV's 4 Corners and The Investigators, and in the health system. Ms Petre has served on a range of NSW and Commonwealth government advisory bodies, and on the boards of community groups, including ACOSS.

Clare was Chair of the Australian & New Zealand Ombudsman Association. Clare is currently the Chair of the ASIC Consumer Advisory Panel, Chair Consumer Advocacy Trust, Chair Credit and Investments Ombudsman Consumer Liaison Committee, Chair Code of Conduct Committee, Australian Council for International Development and Board Member, City West Housing.

## Organisation Chart





***The Energy Consumers Australia Reference Committee is an advisory body to the Board on consumer energy issues. Members bring significant expertise on energy issues affecting consumers in each of the national energy market jurisdictions.***

### **Reference Committee**

The Reference Committee met three times during 2016/17, providing input and advice on a range of important matters, notably the Limited Merits Review Regime, the Independent Review into the Future of the Electricity Sector, the Australian Competition and Consumer Commission Inquiry into Electricity Supply and Prices and implementing the recommendations from Energy Consumers Australia's Keeping People Connected research report. Members also presented on important work conducted in their own jurisdictions including disconnections and the transforming energy market. Members

#### **Gerard Brody (VIC)**

Gerard Brody is CEO of the Consumer Action Law Centre (CALC), and has over ten years' experience as a consumer advocate and lawyer. Mr Brody has represented consumers on a number of bodies, including the Australian Competition and Consumer Commission's Consumer Consultative Committee, and the Australian Energy Regulator's Customer Consultative Group. He is also a Consumer Director of the Energy and Water Ombudsman Victoria.

#### **Gavin Dufty (VIC)**

Gavin Dufty has a long-standing interest in researching household income expenditure and affordability trends. In relation to energy markets, he focuses on how market developments and government policies interact with households' income and expenditure patterns. Mr Dufty has a detailed knowledge of energy retail markets and energy tariffs. His expertise also includes concession frameworks and their ability to support eligible households in a changing energy market.

#### **David Headberry (VIC)**

David Headberry is Managing Director of Headberry Partners, a company which assists energy customers and provides consumer input to government and regulatory reviews and investigations on energy supply issues. A qualified engineer, he is also the Public Officer for Major Energy Users Inc., a national group representing the views of large energy consumers. Mr Headberry is a member of the Australian Energy Regulator's inaugural Consumer Challenge Panel, and was a consumer director of the Energy and Water Ombudsman Victoria for 12 years.

#### **Carly Hyde (QLD)**

Carly Hyde is the Manager of Essential Services at the Queensland Council of Social Service (QCOSS). Her focus is on advocating for policy improvements to protect and empower low income and vulnerable Queenslanders in the energy market, as well as providing resources and support to educate and empower the Queensland community sector on energy issues so they can provide informed advice and support to their clients.

### **Kath McLean (TAS)**

Kath McLean works in policy and advocacy for the Tasmanian Council of Social Service (TasCOSS) and has an interest in Tasmanian energy supply issues from the perspective of low-income and disadvantaged consumers. Her particular interests relate to energy as an essential service, issues of affordability and maintaining ongoing access.

### **Edward Santow (NSW)**

*Resigned August 2016*

Edward Santow was the CEO of the Public Interest Advocacy Centre (PIAC) and a Senior Visiting Fellow at the University of New South Wales and is now Human Rights Commissioner. He is a lawyer with expertise in human rights, administrative law, constitutional law, discrimination and anti-terrorism law. Edward oversaw PIAC's Energy + Water Consumer Advocacy Program, with a particular interest in regulatory reform in the energy sector, as well as improving the sector's governance processes and market performance for consumers.

### **Helen Scott (NSW)**

Helen Scott has been endorsed by the Federation of Ethnic Communities Councils (FECCA) to represent and advocate for Australia's culturally and linguistically diverse (CALD) energy consumers in the National Energy Market since 2009. She has been involved with CALD energy consumers, both householders and small to medium sized (SME) ethno-specific business owners and managers, for over a decade.

### **Jo De Silva (SA)**

Jo De Silva is the Senior Policy Officer for the South Australian Council of Social Service (SACOSS). Her areas of interest include consumer engagement, network regulation, affordability and hardship, state of the SA Energy Market (wholesale, network, retail), complementary protections and supports, new and emerging products and services, East Coast Wholesale Gas Market and Pipeline Frameworks Review, metering, Embedded Networks, pricing, and consumer advocacy, including National Consumer Roundtable on Energy.

### **Peter Strong (ACT)**

Peter Strong has been the CEO of the Council of Small Business of Australia since 2010. This role requires advocacy for the Small Business community and representation of issues from members to politicians and government agencies. He participates in various advisory groups to the Australian government, in roles including his position as Chairman of Treasury's Business Advisory Forum on Standard Business Reporting. In the past, he has been the Deputy Chairman of the Small Business Advisory Committee; a participant in the COAG Business Leaders Forum; an attendee at the 2012 Tax Summit and Economic Forums; participant in various round tables on industry issues including the motor industry, superannuation and finance.



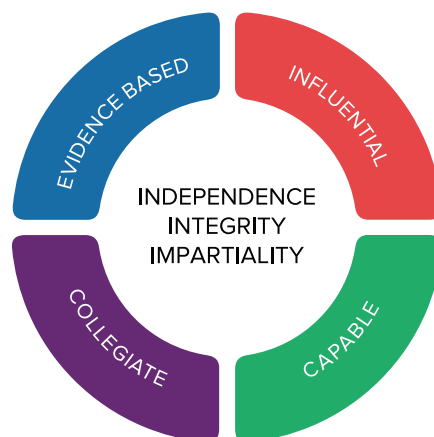
## Our Vision

Future focused consumer driven energy markets meeting residential and small business consumers' needs.

1. Energy markets that empower consumers through increasing competition, growing consumer choice, widespread innovation in product and service offerings, and widely available energy efficiency services.
2. Consistently available, contemporary consumer protection mechanisms including clear information, tools to manage usage and expenditure, and easy access to redress mechanisms, reflected in growing levels of customer satisfaction and trust.
3. Reduced regulatory burdens, combined with growing use of consumer/industry collaboration, to reduce associated costs for consumers.

## Our Values

We value independence, integrity and impartiality. We are focused on being collegiate, evidence-based, capable and influential to build strong national advocacy for residential and small business consumers.



## Our Stakeholders

Working effectively with stakeholders is critical to our success. Our primary stakeholders are household and small business energy consumers.

We also see ourselves as part of a strong network of advocates and researchers contributing to a shared evidence base for policy making in the long-term interests of energy consumers. For Energy Consumers Australia to perform its role, we must have strong and sustainable working relationships with all stakeholders. Government stakeholders are critical – particularly those connected to the COAG Energy Council – since it is these officials and representatives that hold the policy and regulatory levers. We are open to engaging with the increasingly diverse group of organisations with an interest in energy policy development – both existing energy market participants and other organisations and businesses that currently sit outside the market regulatory framework. We think it is also important to engage with media who help shape the national debates about energy policy and regulation.

## Consolidating the Governance Framework

A number of activities were progressed that built on earlier foundational work, to ensure that Energy Consumers Australia was well placed in its second full year of operation to effectively carry out its role to promote the long-term interests of consumers of energy:

- We engaged with the COAG Energy Council's work on the Board Director appointment arrangements for Energy Consumers Australia, in line with their consideration of arrangements for the Australian Energy Market Operator (AEMO) and the Australian Energy Market Commission (AEMC)



- Work was finalised on the Reference Committee Governance Review that commenced in the prior year and updated Terms of Reference and Arrangements were put in place and a process established to nominate and appoint the next Reference Committee in 2017.
- Energy Consumers Australia's business planning and budgeting cycle was adjusted to align with other energy market bodies leading to the development of the 2017/18 Business Plan in the second quarter 2016.
- Some adjustments were made to our organisational design including the appointment of a Director, Governance & Operations to enhance support to the Board, staff and external stakeholders and the appointment of a Director, Strategic Engagement to support the organisation with strategic engagement activities.
- A Performance Development Program was implemented for all staff incorporating performance plans, reviews and professional development.
- Board approved corporate policies were finalised, along with the related CEO approved operating procedures.
- The website and other digital channels were updated to improve the dissemination of information on energy issues and Energy Consumers Australia's grants program.
- Updated our branding following consultation with stakeholders to better reflect our role and enhance our recognition nationally.

|                              |  |
|------------------------------|--|
| Consumers                    | Residential and Small Business consumers<br>Consumer and community organisations   |
| Energy Industry              | Energy Market Participants<br>Professional and Industry Associations<br>Next generation energy and related service providers   |
| Energy Ombudsmen             | Jurisdictional schemes<br>Australia & New Zealand Energy and Water Ombudsman Network (ANZEWO)  |
| Government and Market Bodies | COAG Energy Council<br>Commonwealth policy agencies<br>Jurisdictional Ministers, policy makers and regulators<br>Australian Energy Market Commission (AEMC)<br>Australian Energy Regulator (AER)<br>Australian Energy Market Operator (AEMO) |
| Research Community           | Academics<br>Grant recipients<br>Think tanks<br>Other experts  |
| Media                        | Energy industry media<br>Mainstream media<br>New media   |



## Summary of Financial Performance for 2016/17

| Year Ending 30 June                      | 2017          | 2016          |
|--|---------------|---------------|
| <b>Statement of Comprehensive Income</b> |               |               |
| Income                                   | \$6,794,682   | \$6,252,027   |
| Expenses                                 |               |               |
| Grants Payments                          | \$1,700,716   | \$3,057,853   |
| Projects                                 | \$1,650,703   | \$1,400,430   |
| Administration                           | \$3,164,211   | \$2,667,758   |
| Income Tax Expense                       | \$0           | \$0           |
| Net Surplus/(Deficit)                    | \$279,052     | (\$874,014)   |
| <b>Statement of Financial Position</b>   |               |               |
| Current Assets                           | \$4,301,234   | \$6,307,501   |
| Non-Current Assets                       | \$140,059     | \$125,446     |
| Current Liabilities                      | \$2,231,706   | \$3,671,035   |
| Non-Current Liabilities                  | \$380,744     | \$1,212,121   |
| Equity and Reserves                      | \$1,828,843   | \$1,549,791   |
| <b>Statement of Cash Flow</b>            |               |               |
| Cash Outflow                             | (\$9,022,728) | (\$6,263,363) |
| Cash Outflows from Financing Activities  | (\$1,595,328) | (\$386,745)   |
| Cash Inflow                              | \$9,058,416   | \$6,867,478   |
| Cash Inflows from Financing Activities   | \$0           | \$0           |
| Cash at Beginning                        | \$3,832,687   | \$3,615,317   |
| Cash at End                              | \$2,273,047   | \$3,832,687   |




### Notes:

1. Summary version only of ECA accounts. Full accounts available on ECA website [www.energyconsumersaustralia.com.au](http://www.energyconsumersaustralia.com.au)
2. ECA's Income are fees recovered by Australian Energy Market Operator in accord with national electricity & gas rules
3. ECA is a not for profit company limited by guarantee but nonetheless it must pay Income Tax on any Surplus that it may earn





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