



Energy Consumers Australia Business Plan

Promoting the long term interests
of consumers of energy

2016 / 2017

Energy
Consumers
Australia

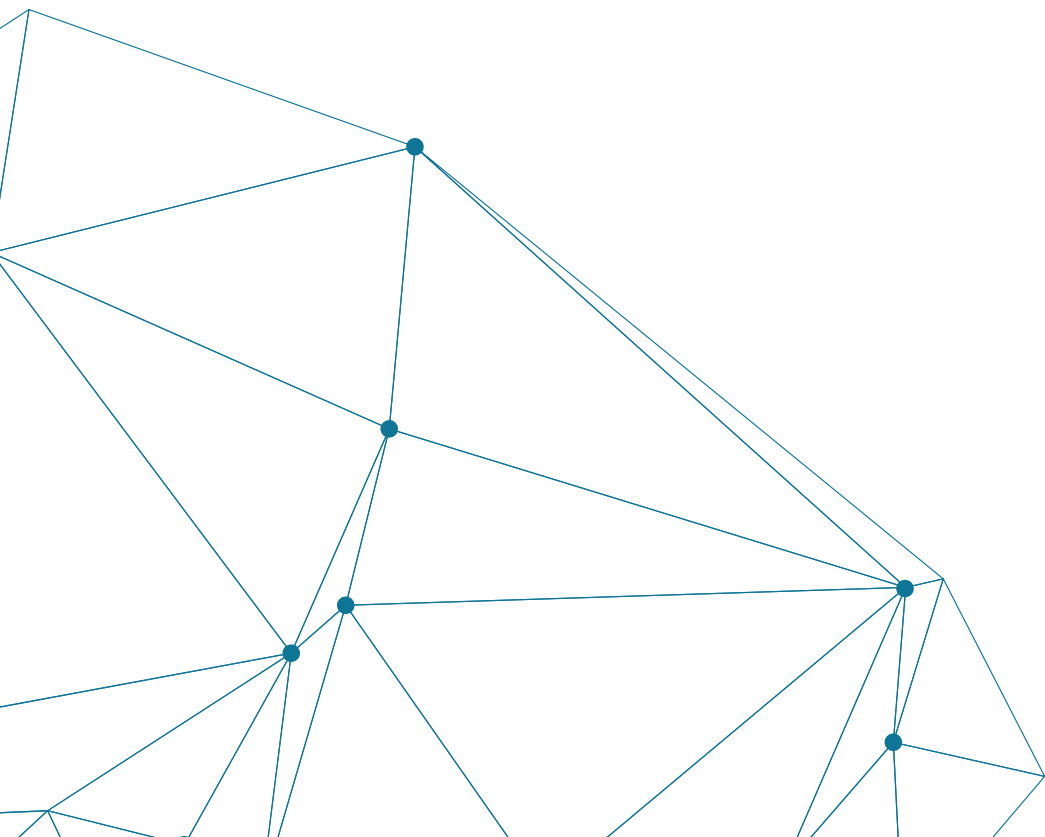


Table of Contents

ABOUT ECA	4
OUR ROLE	4
STRATEGIC PRIORITIES FOR ENERGY MARKETS	5
OUR VISION AND VALUES	6
Our Vision	6
Our Values	6
OUR ENVIRONMENT	7
Our stakeholders	7
ECA Context	8
Consumer Context	8
Consumer Advocacy Context	8
Electricity Market Context	9
Gas Market Context	9
Policy and Regulatory Context	9
WORK PROGRAM 2016/17 TO SUPPORT STRATEGIC PRIORITIES	10
Foundational Research	11
ECA Grants Program	11
Stakeholder Engagement Directorate	12
Advocacy and Communications Directorate	13
Development Projects (CEO Office)	14
Governance and Operations	15
ECA ORGANISATIONAL CHART	17

About ECA

Energy Consumers Australia (ECA) 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

ECA's Constitution¹, 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.

¹ ECA Constitution

In performing these Activities, ECA must have regard to any relevant objectives² 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.” This means that consumers should pay no more than is necessary for the energy services they want.

Strategic Priorities for Energy Markets

The ECA Board has used information from consultations, including with its Reference Committee and the first Foresighting Forum, to identify five Strategic Priorities for Energy Markets that will promote the long term interests of residential and small business consumers and support the move to a consumer driven National Energy Market. The Board will use these priorities to guide ECA’s work in 2016/17 and monitor progress against associated activities. in the work plan:

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.

² National Electricity Objective (Section 7 of the National Electricity Law)

The objective of this Law is to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

(a) price, quality, safety, reliability and security of supply of electricity; and
(b) the reliability, safety and security of the national electricity system.

National Gas Objective (Section 23 of the National Gas Law)

The objective of this Law is to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas

National Energy Retail Objective (Section 13 of the National Energy Retail Law)

The objective of this Law is to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy.

Our Vision and Values



Our Vision

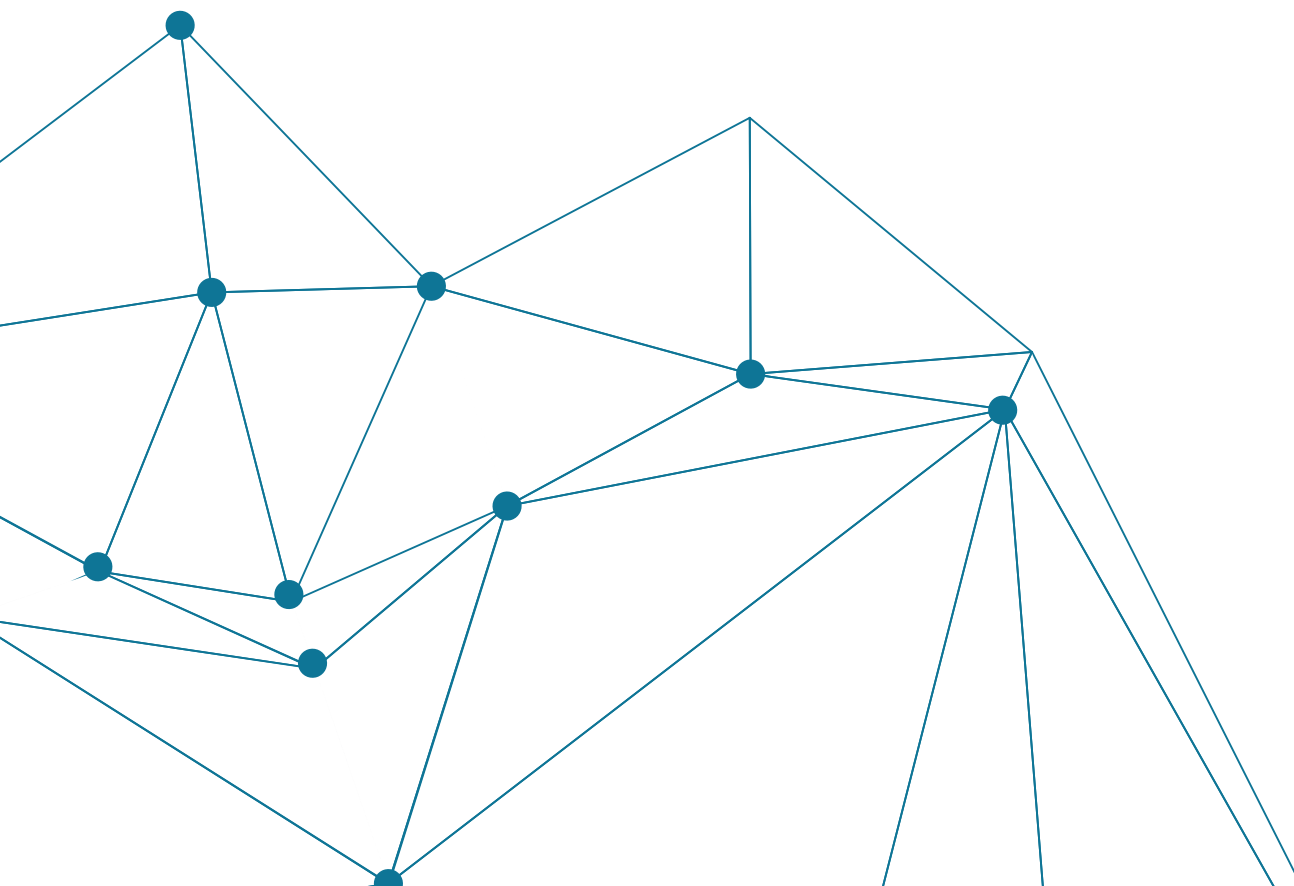
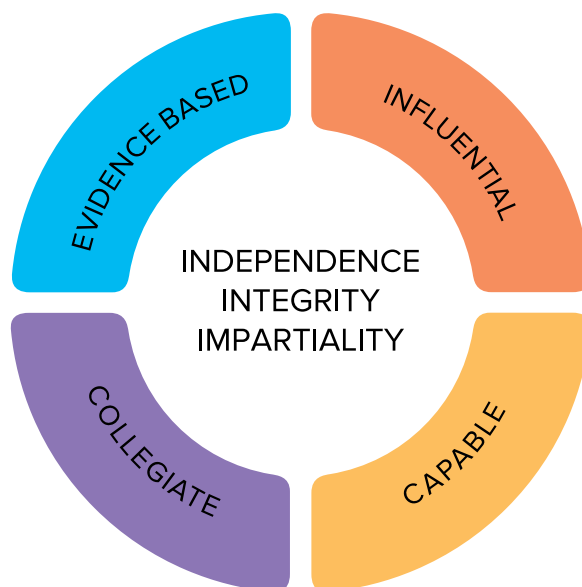
Future focused consumer driven energy markets meeting residential and small business consumers' needs.

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 Environment

ECA's operating environment presents many opportunities but also challenges. Working effectively with stakeholders is critical to our success.

Our stakeholders

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 ECA 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.

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

ECA Context

Long term interests of Consumers

Fundamental to all our work is effectively representing the long term interests of residential and small business consumers. The objective of promoting the long term interests of consumers of energy with respect to the price, quality, safety, reliability and security of supply of energy services is not unique to ECA. It is the overarching objective of the Australian Energy Market Agreement and the objective included in each of the three laws that give effect to that agreement. The objective in each of the three laws uses economic efficiency as the means to the end of promoting the long term interests of consumers.

The promotion of the long term interests of residential and small business consumers is served by ensuring that prices are commensurate with the level of quality, reliability, safety and security of supply that consumers prefer and that consumers pay no more than is necessary.

Consumer Context

Across Australia, residential and small business consumers rely on energy as an essential service. Almost all homes are connected to the networked electricity grid. Almost half also rely on the gas supply network to meet their energy needs. In some jurisdictions, particularly Victoria, gas penetration rates are significantly higher. Small business consumers require reliable, quality energy services to meet the needs of their customers and operate successfully.

The opportunities for residential and small business consumers to use, manage, generate and store energy vary depending on individual circumstance.

On one hand, consumers who are vulnerable may be at risk of financial stress and unable to take advantage of new products such as energy efficient technology to respond to increasing energy costs. Similarly, tenants usually have limited ability to choose energy products and services such as local generation, storage and consumption monitoring.

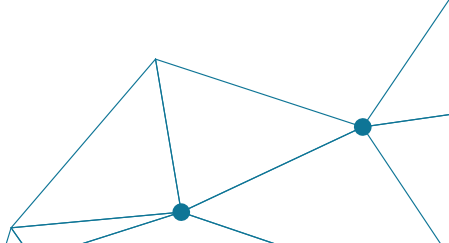
On the other hand, highly engaged and upwardly mobile residential and small business consumers are transforming how they live and work through the use of technology and online connectivity. Many consumers are looking to engage with energy service providers through non-traditional channels including social media, mobile, the cloud and online peer-to-peer platforms. These residential and small business consumers are driving new opportunities for the development of the energy services market.

Consumer Advocacy Context

In this context, there is significant demand for consumer advocacy engagement, knowledge and experience. It is widely acknowledged that policy and regulatory processes are lengthy and complex, in stark contrast with the speed of change being experienced in the market. More effective models of consumer engagement are emerging as the amount and complexity of regulatory change increases.

Much of the advocacy effort to date has reflected the experience of people who are vulnerable at one end of the spectrum and highly engaged technology adopters at the other. There is an opportunity to build on this advocacy and to develop a national consumer voice for all residential and small business consumers.

There is also an opportunity to support the consumer advocacy movement by enabling greater collaboration and sharing evidence based knowledge about energy market developments and their impact on the long term interests of consumers.



Electricity Market Context

Rising energy prices in recent years have led residential and small business consumers to explore new ways to use, manage, generate and store energy. Over that same period average electricity demand from the grid has fallen as consumers have reduced consumption by changing their behaviour, using more efficient appliances and taking up renewable options. Structural changes in the Australian economy including the decline in manufacturing have also had a significant impact.

Significant falls in the costs of technologies such as rooftop solar photovoltaic systems have enabled residential and small business consumers to become sellers of electricity, transforming electricity markets. Australia is now one of the leading adopters of rooftop solar photovoltaic panels. In the next decade, wider use of electric vehicles and battery storage – particularly in combination with additional solar PV – have further potential to change the way consumers source and sell electricity.

New entrants with experience in retailing in the telecommunications, grocery and financial services markets are entering the market to respond to these opportunities and to bring innovation in energy products and services. In the process, these new players are helping reshape the market, while presenting new challenges for regulators, policy makers, and established energy market participants.

This changing environment creates new risks and complexities for residential and small business consumers. The changing source of energy supply has implications for network security and reliability and may impact on energy prices. Better alignment of pricing and incentives for investment will help consumers benefit from the transformation underway in energy markets. These changes will also support the development of a market for next generation energy services that combine distributed generation, storage and control services with network delivered services.

Gas Market Context

Changes underway in gas markets have altered the relative cost advantages of using gas compared with electricity. This has occurred as Australia has become one of the world's major exporters of gas, resulting in increases in gas prices for Australian residential and small business consumers, as a result of global demand.

Policy and Regulatory Context

The COAG Energy Council has oversight of the sector and works in collaboration with the three market bodies established to govern the National Energy Market:

- Australian Energy Market Commission (AEMC) – the rule maker and market development adviser
- Australian Energy Market Operator (AEMO) – the system operator
- Australian Energy Regulator (AER) – the economic regulator and compliance/enforcement agency.

ECA has been established to promote residential and small business consumer interests and works closely with the COAG Energy Council, the AEMC, AEMO and the AER on energy matters of national interest to consumers. All four institutions share ECA's objective of the 'long term interests of consumers' and ECA is actively engaged with the market bodies to progress this objective.

The members of the COAG Energy Council are committed to the policy intent and objective of the Australian Energy Market Agreement, reaffirmed most recently in the Council's response to the Governance Review.

The 2015 [Review of Governance Arrangements for Australian Energy Markets](https://scer.govspace.gov.au/workstreams/energy-market-reform/review-of-governance-arrangements)³ observed that:

- the pace of change in the energy sector is arguably unprecedented
- a 'strategic policy deficit' exists which has led to diminished clarity and focus in roles, fragmentation and a diminished sense of common purpose.

The Review Panel concluded that over time the perceived value of further reform has fallen and with it strategic focus. The accelerating pace of change means that clear, shared priorities are now more important than at any time in the creation of the National Energy Market. However, in a number of energy policy areas, significant variation between jurisdictions remains.

Following Australia's participation in the United Nations Climate Change Conference in 2015, emissions targets have been set at 26 to 28 per cent below 2005 levels by 2030. Electricity generation contributes around one third of Australia's total emissions, so has a critical role in meeting emissions reductions targets.

At a national level Commonwealth, State and Territory Ministers have agreed to develop an integrated approach to carbon and energy policy, so that Australia's emissions reductions goals can be achieved at least cost to the community, benefits to consumers be maximised and any unintended effects for electricity prices and the energy market avoided.

Work Program 2016/17 to Support Strategic Priorities

Research Engage Influence

ECA has developed an ambitious work plan aligned with the Board's Strategic Energy Market Priorities and Vision. The work plan is designed to support ECA's capacity to promote the long term interests of consumers and to provide and support strong, coordinated, collegiate evidence based consumer advocacy on matters affecting residential and small business consumers in the National Energy Market.

ECA's work program is organised around discrete but complementary functions: Research, Stakeholder Engagement, Advocacy and Communications, Governance and Operations. In addition, a number of development projects are undertaken in the CEO's office.

Research Directorate

Building the evidence base

The Research Directorate is focused on building national jurisdictional expertise and capacity, building knowledge to influence policy development and educate consumers, and funding and managing grants to build knowledge and sectorial capacity.

³ <https://scer.govspace.gov.au/workstreams/energy-market-reform/review-of-governance-arrangements>



Foundational Research

Critical to ECA's activities is the development of an evidence base to inform policy and regulatory decisions. ECA will prioritise foundational research, of value to all ECA stakeholders, and will publish the following **Strategic Initiatives**:

- **Research stocktake and associated regulatory calendar**, which will assist ECA and consumer advocates identify future research priorities, potential researchers and collaborators and anticipate advocacy opportunities. The stocktake and calendar will be published on ECA's website.
- **Energy Consumer Sentiment Index**, which will provide a barometer of the health of the energy services market from the perspective of consumers. The index will incorporate consumers' levels of satisfaction, engagement and their confidence to manage energy use costs. The survey will be undertaken twice each year across a broad sample of residential and small business energy consumers and results made widely available.
- **SME tariff tracker** - reflecting its constitutional focus on small business, ECA intends to complement the work done through its grants program, which currently tracks prices for residential consumers, to build a database of small business tariffs. The work will fill a significant knowledge gap on small business prices, and be available for decision-makers and advocates.
- **An evaluation framework** - to assist ECA and other advocates to measure the impact of their work. ECA expects improved sectoral capacity to emerge from regular feedback to organisations on the effectiveness of their advocacy and research, fostering a culture of continuous improvement and collaboration.

ECA Grants Program

ECA grants will build consumer knowledge, as well as the capacity of organisations to advocate on behalf of residential and small business consumers at national and jurisdictional levels. ECA funds projects that are high quality, collaborative, innovative and deliver an evidence base to support tangible benefits for residential and small business consumers.

Strategic Initiatives:

- **Implement the 2015/16 ECA Grants Review recommendations**, which will build the evidence base to support advocacy, energy market innovation and development in the long term interests of consumers; facilitate greater collaboration and partnerships; foster increased knowledge-sharing across the sector and with government; and focus attention on sharing advocacy and research project outcomes with a wider audience.
- **Develop a panel of consultants**, to broaden the base of expertise available to consumer advocates.
- **Provide a platform to disseminate the outputs of ECA grants across digital channels** to enhance the impact of ECA funding. In addition to promoting the findings of projects funded through ECA grants, we will also make our archive of consumer-funded research and advocacy work, dating back to 2002, available to consumers and decision-makers.



Strategic initiative	Performance Measure	Due	Strategic Priority
Research			
Research stocktake and associated regulatory calendar	• Publish a Research stocktake and associated Regulatory calendar	July 2016	5
	• Measure use of the research and calendar resources	June 2017	
Energy Consumer Sentiment Index	<ul style="list-style-type: none"> • Publish the Energy Consumer Index survey • Engage energy industry on the results and strategies to improve outcomes • Communicate findings to governments and market bodies 	July/Dec 2016	3
SME tariff tracker	<ul style="list-style-type: none"> • Develop a SME tariff tracker • Promote the tracker with small business, industry and regulators 	July 2016 Dec 2016	2
An evaluation framework	• Produce and implement an evaluation framework	Dec 2016	5
Implement the 2015/16 grants review recommendations	• Recommendations implemented	July 2016	4
Develop a panel of consultants	• Panel of consultants in operation	March 2017	5
Disseminate the outputs of ECA grants across digital channels	• Dynamic information available on the outputs of grants across digital platforms	Sept 2016	5

Stakeholder Engagement Directorate

Collegiate

The Stakeholder Engagement Directorate is focussed on engaging with residential and small business consumers, consumer advocates, governments, jurisdictional and national regulators, energy industry and energy Ombudsmen. The Directorate maintains effective working relationships with key stakeholders and develops an understanding of distinct market differences between jurisdictions.

Strategic Initiatives

- **Develop a Stakeholder Engagement Map** that identifies shared issues and interests, communication linkages and opportunities for effective collaboration, coordination and collegiate efforts. The Stakeholder Engagement Map will assist information gathering to support ECA and consumer advocates and help build sectoral capacity.
- **Develop and conduct an annual Foresighting Forum** that brings together the network of energy stakeholders and builds on the learnings from the February 2016 forum to:
 - share perspectives on emerging issues and upcoming processes that will engage consumers over the next 12-24 months
 - understand the proposed work plan and priorities of the participants at the forum at jurisdictional and national levels

- identify areas of common ground and possible solutions including opportunities for collaborative work programs and research.
- **Conduct a round of Regional Consultations** to better understand the views and issues of residential and small business consumers. The consultations will provide an overview of regional issues and seek feedback on priorities and opportunities for regional consumers. Where possible they will be conducted in collaboration with other stakeholders, to develop feedback that can be widely shared and to evaluate the process with a view to an ongoing program of regional consultations.
- **Promote effective processes for establishing common ground between consumer advocates and industry** to enable streamlined approaches and expedited outcomes that meet the long term interests of consumers. ECA will research contemporary practice of consumer engagement in policy and regulatory processes building on recent work in the UK and US. The findings will be assessed for relevance and application in the Australian market to identify the steps which may be required to build skills and more effective consultative and regulatory processes.

Strategic initiative	Performance Measure	Due	Strategic Priority
Stakeholder Engagement			
Develop a Stakeholder Engagement Map	<ul style="list-style-type: none"> • Use the map to support stakeholder engagement • Report on the stakeholder engagement activities by stakeholder group 	Sept 2016	1
Conduct and develop annual Foresighting Forum	<ul style="list-style-type: none"> • Participant satisfaction with 2017 Foresighting Forum • Progress made against the outcomes of the 2016 Foresighting Forum 	Feb 2017 Aug 2016	2, 3, 4
Conduct a round of Regional Consultations	<ul style="list-style-type: none"> • Complete regional consultations • Complete analysis of the findings of the consultations including any regional differences 	June 2017	1
Promote effective processes for establishing common ground between consumer advocates and industry	<ul style="list-style-type: none"> • Research report on contemporary practice • Recommendations for Australian context • Trials conducted 	Dec 2016 Mar 2017 June 2017	1

Advocacy and Communications Directorate

Influential

The Advocacy and Communications Directorate is focussed on influencing policy development, regulatory activities and energy market reform to benefit consumers. The Directorate engages with, responds to and initiates work to promote the long term interests of energy consumers, communicates priorities and makes a constructive contribution to national debates about policy and regulatory issues using traditional and new media, as well as other channels.

Strategic Initiatives

- **Develop an Online engagement strategy** to support ECA and other consumer advocates work to engage, inform and influence outcomes that promote the long term interests of residential and small business consumers. The strategy will enable dissemination of ECA and advocate research findings, consumer surveys and policy positions. The strategy will support collaborative working tools (Wiki) where consumer advocates can share ideas, develop evidence based positions and build a stronger, influential national consumer voice.
- **Develop an External Media engagement strategy** to guide effective working relationships with key media and industry stakeholders; to support ECA communications and advocacy on issues of relevance to residential and small business energy consumers; and to become an important and well informed national voice focused on promoting the long term interests of consumers.
- **Establish ECA's reputation for advocacy** by bringing evidence, clarity and the perspective of the residential and small business consumers who pay for and rely on energy services, to the key debates about market outcomes and futures.

Strategic initiative	Performance Measure	Due	Strategic Priority
Advocacy and Communications			
Develop an Online engagement strategy	<ul style="list-style-type: none"> • Produce Online engagement strategy • Report on outcome of using the strategy including the experience with Wiki 	Sept 2016 Feb 2017	5
Develop an External Media engagement strategy	<ul style="list-style-type: none"> • Produce Media strategy • Report on outcome of using the strategy 	July 2016 Dec 2016	2, 3
Establish ECA's reputation for advocacy	<ul style="list-style-type: none"> • Advocacy work practices in place • ECA has shaped debates and influenced outcomes 	July 2016 June 2017	2, 3

Development Projects (CEO Office)

Influential

Development Projects within the CEO Office are focussed on engaging with, responding to and initiating work to promote the long term interests of energy consumers.

Strategic Initiatives

- **Develop a Long term Interests of Consumers framework** to assess activities, policies and outcomes to determine whether they promote the long term interests of consumers.
- **Investigate the benefits of reducing disconnections** and develop strategies to reduce both the number of residential and small business consumers who are involuntarily disconnected from their electricity or gas supply and the associated costs to industry.
- **Progress agreed items from COAG EC National Energy Productivity Plan 2015-2030 (NEPP)** to make choice easier and support best practice services for vulnerable consumers (items 3 and 4 of the NEPP respectively).

Strategic initiative	Performance Measure	Due	Strategic Priority
Development Projects			
Develop a Long term interests of consumers framework	<ul style="list-style-type: none"> • Produce a LTIC framework • Consult with stakeholders 	July 2016 June 2017	1
Investigate the benefits of reducing disconnections	<ul style="list-style-type: none"> • Produce a report on the benefits • Analyse jurisdictional approaches and outcomes • Workshops with industry to explore processes and costs 	Dec 2016 Dec 2016 June 2017	4
COAG National Energy Productivity Plan 2015-2030 items 3 and 4	<ul style="list-style-type: none"> • Deliver work plan for the two COAG NEPP priorities 	Dec 2016	4

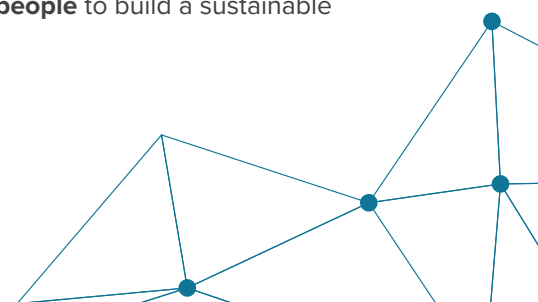
Governance and Operations

Capable

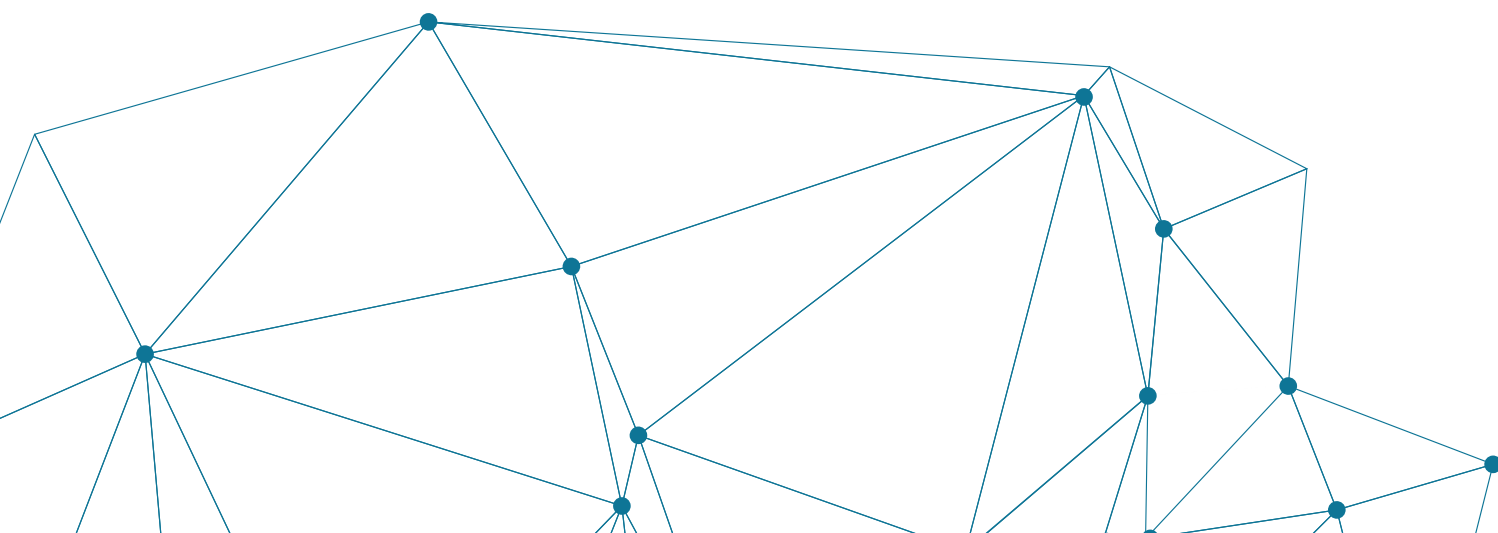
Governance and Operations is focused on building the capacity and effectiveness of ECA.

Strategic Initiatives

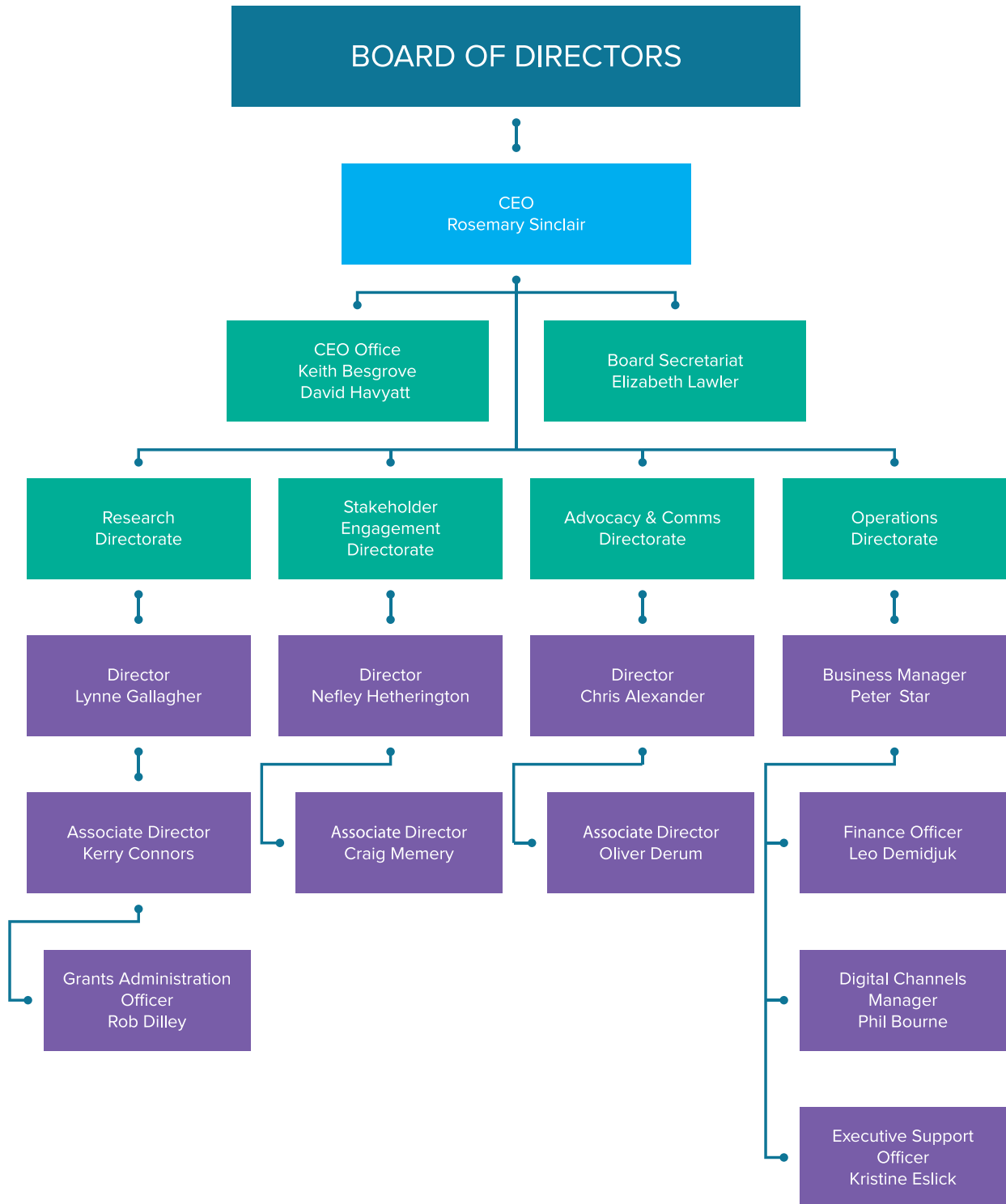
- **Develop effective governance and operations of ECA** through:
 - ↳ Board policies and procedures
 - ↳ ECA Operational policies and procedures
 - ↳ An Annual Business Plan and three-year budget
 - ↳ A Risk Management Framework.
- **Develop ECA's systems, technical resources and digital platforms (for collaborating)** by:
 - ↳ Developing whole of office use of key IT systems for file storage and information retrieval and managing ECA stakeholder contacts
 - ↳ Developing the ability to collaborate with stakeholders using an ECA Wiki and other platforms
 - ↳ Implementing an online grant application system.
- **Develop ECA's digital channels (for publishing)** by:
 - ↳ Enhancing the capability of ECA's website to publish information for stakeholders
 - ↳ Publishing multimedia content using YouTube and Soundcloud, while remaining aware of other emerging channels
 - ↳ Developing appropriate social media channels.
- **Develop and prudently manage ECA's resources, budgets and people** to build a sustainable and capable organisation.



Strategic initiative	Performance Measure	Due	Strategic Priority
Governance and Operations			
Develop the effective governance and operations	• Board governance policies in place	June 2017	
	• Business Plan and three-year rolling Budget	Feb 2017	
	• Risk Framework developed	July 2016	
	• Corporate policies in place	June 2017	
Develop ECA's systems, technical resources and digital platforms	• IT systems and security in place	June 2017	
	• IT system training materials developed	June 2017	
	• Online grants application system implemented	Dec 2016	
	• Implement Wiki	Sept 2016	
Develop ECA's digital channels	• Improved delivery of information to stakeholders	June 2017	
	• Increasing trends of online reach and engagement	June 2017	
Develop and prudently manage ECA's resources, budget and people	• Annual expenditure within + /- 5% of budget	June 2017	
	• Revised financial reporting suite implemented	July 2016	
	• Performance review system in place linked to professional development	Dec 2016	



ECA Organisational Chart



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