

# Annual Report

2017-18



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“The gas has gone up, the electricity has gone up, we can’t just have a price increase and make the coffee \$5.60. It doesn’t work like that.”

- Small business owner interviewed in our Community Listening tour

“We looked into adding solar panels to our roof and it has cut our electricity bill by 50%, but it’s still \$2000 per quarter.”

- Meals on Wheels service operator in regional NSW





## From the chair

The events of 2017-18 have seen the energy sector reach a tipping point – a critical juncture in the history of the National Energy Market. Pressure has been building on the sector to deliver meaningful and substantial change that responds to what consumers are telling us about the current market, and the outcomes they want in the future.

Our *Energy Consumer Sentiment Survey* has become central to the policy and decision-making landscape of the Australian energy sector because it provides real data from the consumers' vantage point. The survey has laid out the fundamental problem from the consumer's point of view – households and small businesses say they are not getting good value for their energy services and after a decade where prices have almost doubled, they lack confidence that the market is working in their interests or will do so in the future.

In fact, consumers say they get much worse outcomes from this market than any other comparable market. This state of affairs does not last long in any sector without commitments being made to change, as we have seen recently in the banking sector.

As we stand on the edge of this tipping point, market participants – particularly the energy companies which deliver outcomes to consumers – have a very big choice to make: do they want to be part of the problem, or will they own the problems and embrace substantial cultural change?

There are also big choices for governments and regulators. The 2017-18 financial year was one of accumulating the evidence. We saw Australia's Chief Scientist, Dr Alan Finkel lead a review team that released its *Blueprint for the Future* just prior to the start of the financial year, and in July 2018 the Australian Competition and Consumer Commission released the final report of its nearly eighteen-month *Retail Electricity Pricing Inquiry*.

Together, these are easily the most wide-ranging and comprehensive pair of reviews of the National Energy Market ever undertaken and, with that work completed, the focus is now on the response by governments, regulators and energy companies.

A starting place for change should be to go back to basics – listen to the voice of consumers, who are telling us they want comfortable homes, competitive businesses and bills that don't make them so anxious that they put off opening them. That doesn't seem a lot to ask.

Our research continually tells us that households and small businesses want affordability to be a clear constraint

on the decisions we make about this market. That means that existing and future investment in the power system – networks, generation and retail – must be optimised: essentially, that no more is spent than is necessary and no spending occurs before it is required.

And while many decisions are made on behalf of consumers in the energy market, consumers also want a far bigger direct role. In part that is about consultation, but it is also about making individual consumers partners in change, instead of seeing them as passive service recipients. This thinking has motivated our substantial engagement with the issues in the retail market in 2017-18.

Many consumers are eager to take charge and are reaching out for greater control over their energy use and costs, but they are telling us they have done everything they can within the constraints of the traditional energy market.

And they tell us in the *Energy Consumer Sentiment Survey* that they have lost confidence in the information and tools available to support their engagement with the market and decision making about products and services.

As I said in last year's annual report, one of the few certainties in this time of market uncertainty is that supporting, enlisting and empowering households and small businesses is not only a social and economic imperative, but key to successful transformation of the system and a more dynamic energy market.

We must tackle the affordability crisis now to re-build confidence in the market and empower consumers with individualised options, services, tools

and information, to help them get control of their energy use and costs.

In the end, the success of this past year of reflection and review will be determined by how much we can lower energy prices and work with consumers to help them get their bills down. It sounds simple, but it has been elusive for consumers in this sector in the past decade.

I want to recognise my fellow Board members for their vision, hard work and unwavering determination which has helped make Energy Consumers Australia an increasingly powerful and constant voice for energy consumers.

I also want to credit the incredible work ethic and skill of the Energy Consumers Australia staff. CEO Rosemary Sinclair and her team have been able to juggle the important work of staying focused on our strategic goals, while working through the practical grind of advocating for better outcomes for households and small businesses in a tough and complex market.

**Louise Sylvan AM**  
Chair  
Energy Consumers Australia

***“A starting place for change should be to go back to basics – listen to the voice of consumers, who are telling us they want comfortable homes, competitive businesses and bills that don’t make them so anxious that they put off opening them.”***



# OUTCOMES AND IMPACTS FOR THE YEAR

**We draw together our research on what consumers are saying about their long-term interests and experience in the energy market, with the diverse research efforts of our stakeholders through the Grants Program, to bring an evidence-based and collaborative approach to our policy and advocacy work.**

- Our own research is underpinned by a key strategic initiative – the *Energy Consumer Sentiment Survey* – which has become central to our own work, as well as energy policy and decision-making in Australia, with its recent incorporation into the AEMC's annual *Retail Energy Competition Review*. One of the key achievements of this work has been to highlight the affordability challenge of consumers and concerns of consumers with respect to a lack of information and tools to manage their energy costs.
- A key research gap identified by Energy Consumers Australia relates to small business tariffs which have never been monitored closely in Australia. This year we extended our work to understand the consumer experience through the *SME Retail Tariff Tracker*, a new strategic initiative giving information and insight to small businesses, researchers and policy-makers.
- Through the *Grants Program*, we funded 24 high-quality and innovative research and advocacy initiatives, spanning energy affordability, consumer empowerment, and technology and regulation in a transforming market, with total annual funding commitments in 2017-18 of \$2.1 million. These research efforts focused on strategically significant policy matters such as: helping consumers grapple with the affordability challenge including by helping people gain more control over their energy use and costs; how to deliver more efficient network services; and delivering better consumer choice and protections in a dynamic market. We also supported organisation to contribute to key policy making processes such as the gas pipelines review and the ACCC *Retail Electricity Pricing Inquiry*.

**We have used that evidence base to insert the consumer voice in the public debates, policy development processes and corporate decision making about the investments made by industry on their behalf.**

- We have worked with networks to develop new approaches to revenue setting, with more open and flexible processes to align interests, and advocate for and affordability constraint to guide decision making. This is beginning to reduce costs for households and small businesses with clear evidence that network costs are starting to fall, but also that networks are working harder to incorporate consumer thinking throughout their planning processes.
- We also played a leading role in the development of a new, binding rate of return guideline that will help keep network revenues in check while providing a fair return for investors. In addition to providing our own submission, we worked with the AER to ensure the effectiveness of the rate of return consumer reference group, again working to find consensus, based on the evidence.
- The consumer voice was strongly represented in the *COAG Energy Council Gas Market Reform Group* process to reshape the way gas is transported and traded in Australia.
- Our framework for data portability was also influential in work by the Productivity Commission, the Treasury and others that laid the groundwork for in the economy-wide *Consumer Data Right*.

Our evidence-based approach has enabled us to give consumers a bigger voice in decision making and to build greater consensus with stakeholders about the fundamental problems and solutions that require the collective focus of the energy sector. This is core to our Mission because advancing the long-term interests of consumers requires us to draw together the collective insights of the sector and bring that to bear on policy making.

- Energy Consumers Australia's intensive two-day *Foresighting Forum* matured into one of the most dynamic and influential events in the energy sector. In 2018, this strategic initiative helped set a new agenda about energy use and consumer empowerment.
- We built more structured and productive relationships with consumers and stakeholders, through formalised engagement such as the *Community Listening* and *Board Stakeholder Forums*, and ongoing partnership initiatives such as *NewReg*, the *Behind the Meter Code*, and *The Energy Charter*. The later initiatives are starting to have a real impact on the way the sector engages with consumers and prioritises their input. *The Energy Charter* is the first ever total supply chain CEO-led effort to support a sector wide focus on consumer outcomes. The *Behind the Meter Code* is another national-first to develop a self-regulatory code for behind the meter products and services, responding to major technology change in the sector.
- We also collaborated with advocates and key stakeholders to set the agenda on pricing reform, that focusses on rewarding consumers who choose to actively participate in energy markets to manage their bills and reduce overall system costs. This agenda was influential in shaping the ACCC's recommendations in the *Retail Electricity Pricing Inquiry*.

Across our strategic initiatives, we have been focussed on consumers' demands that power be shifted back to them because more choice and control gives consumers the capacity to tackle the problem of energy affordability in their own homes and businesses. Power Shift has been a key strategic initiative to achieve this objective and it matured this year.

- We created two new energy use resources for policy makers and the industry: The *Driving Change* segmentation tool; and the *Multiple Impacts of Household Energy Efficiency*. These resources are now being used by policy and regulatory agencies, including in New South Wales and Victoria.
- We also developed a new initiative under the *Power Shift* work to focus on the opportunity of better housing to underpin a leap forward in energy efficiency and a tool to drive down power costs for consumers. We began work on a new Paper on *Healthy and Comfortable Homes for all Australians*, which builds on the previous work in *Multiple Impacts of Household Energy Efficiency*, where we developed an Australian framework to define and quantify the co-benefits of energy efficiency.

**We continue to strive to have an impact on outcomes for consumers by listening to their views, understanding their experience and developing strategic initiatives designed to respond to those issues and concerns.**



## FROM THE CEO

As our Chair has commented in her introduction, 2017-18 was a significant year in the history of the National Energy Market.

***“Consumers expect to see prices and bills significantly lower in the coming 1, 2 and 5 years – they no longer accept small price reductions, or flat prices, as an acceptable outcome.”***



It may however be some time before we know whether the important review work that has taken place will tip the balance back to consumers after a decade of poor outcomes that have made energy in Australia unaffordable.

There are green shoots that point to things shifting: retailers announced price reductions for the first time in recent memory at the end of the 2017-18 financial year – they were modest reductions but a step in the right direction.

We saw network prices starting to come down and perhaps even more encouraging was the range of new, more proactive approaches to consumer engagement from some networks, much of which is detailed in this report.

We also saw work by the Energy Security Board and the Australian Competition and Consumer Commission on measures to deliver certainty and unlock the investment new supply needed to reduce prices and safeguard reliability for consumers after years of policy instability and a lack of focus on affordability. At a time when it is not clear how this work will be progressed, it is critical that governments work together to address what remains a major outstanding area of energy policy. The sentiment from consumers is very clear – “we want it sorted out”. And the tough reality is that prices will not go down as far as they must without wholesale market certainty.

While we are seeing some signs of positive developments, the sector has only just reached base-camp and the big climb is still ahead of us. To turn things around, affordability must become an explicit criterion in our decision-making up and down the supply-chain.

Government, policy makers, rule makers, energy companies and the whole energy sector, all need to empower consumers to drive decision making about the future energy system. Energy services must be built around individuals to reflect their unique circumstances; enabling people to take charge and easily manage their own use and costs.

We have seen consumers take charge in sectors like music, media and taxis – shifting power forever by insisting on new services, modes of delivery and business models built around them. These are all stories of sectors unprepared for change, taken by surprise. If we do not listen, energy will be the same, because consumers will change the market with the established players or without them. Energy must be different from these other industries – we must innovate, change and adapt with consumers – we must embrace the power shift to consumers.

### Affordable

Consumers expect to see prices and bills significantly lower in the coming 1, 2 and 5 years – they no longer accept small price reductions, or flat prices,



as an acceptable outcome. Prices and bills are simply too high, and they must come down. We need to reduce the cost pressure on consumers now, to create confidence for a transformation that will require new investment, experimentation, and risk-taking.

### Individualised

Changes are needed where the retail market offers consumers opportunities and choices in how they manage their energy use and bills, which means an end to confusing discounts and baffling conditions. Consumers need to be able to make meaningful comparisons between different offers and retail providers, and not need the help of a spreadsheet. A critical step towards this is timely and simple access by consumers to information on the energy use in their homes and businesses, and an ability to share that data with service providers.

### Optimised

Optimising the existing system will require more than technology improvements and innovation in the supply chain – it will require a radically different approach, putting consumers at the centre as distributed energy and demand-side solutions are more widely embraced.

The centrepiece of this approach will be rewarding consumers for flexibility in their energy use – through a range of mechanisms including energy efficiency, off-peak pricing and demand incentives. Programs such as *Peak Smart*, *Power Changers* and *Summer Savers* are all built around consumers and the community's needs.

We must have a very clear picture of where we are going to meet our future challenges – our vision is for an energy

market where bills are much lower for all households and small businesses, because we have optimised the energy system and given power and control back to the people who rely on it.

With that enormous challenge in mind, we have been working away at new and improved initiatives to make sure the consumer's voice guides decision making by governments, regulators and energy companies.

The *Energy Consumer Sentiment Survey* has always been at the heart of our evidence-based approach to advocacy, but in 2017-18 it became a far more central tool for the wider sector. The survey is now used to inform the Australian Energy Market Commission's annual *Retail Energy Competition Review* and provides valuable information to inform the Australian Energy Market Operator's forecasting work and to track the community awareness and recognition of the Energy Ombudsman services.

My team has also created a new tool for use by researchers, policy makers and others in the *SME Retail Tariff Tracker*. Small businesses face unique challenges – often they are the most exposed to higher electricity prices – they cannot easily shift their load and often it is simply not practical to pass on costs to their customers while remaining competitive. The tariff tracker enables us, for the first time, to understand what is happening to small business energy bills.

And with our third annual Foresighting Forum this year, we had one of the most productive and useful sector-wide discussions on how to get better outcomes for consumers that I have had the pleasure of being involved with. Much thanks is owed to other

***“Our vision is for an energy market where bills are much lower for all households and small businesses, because we have optimised the energy system and given power and control back to the people who rely on it.”***

advocates and stakeholders for their thoughtful and substantial contribution to this event and throughout what has been a very busy year for energy sector consumer advocates. Success at an event like this it doesn't happen without the hard work of dedicated staff. I look forward to the next event in early 2019 with its focus on consumer data.


I want to thank my team at Energy Consumers Australia for these, and other significant and innovative developments to build the evidence base which supports change in the long-term interests of consumers.

I'd also like to take this opportunity to thank the Energy Consumers Australia Board for their leadership, confidence and support in 2017-18 which has been pivotal to our work and success.

**Rosemary Sinclair AM**  
*Chief Executive Officer*  
Energy Consumers Australia

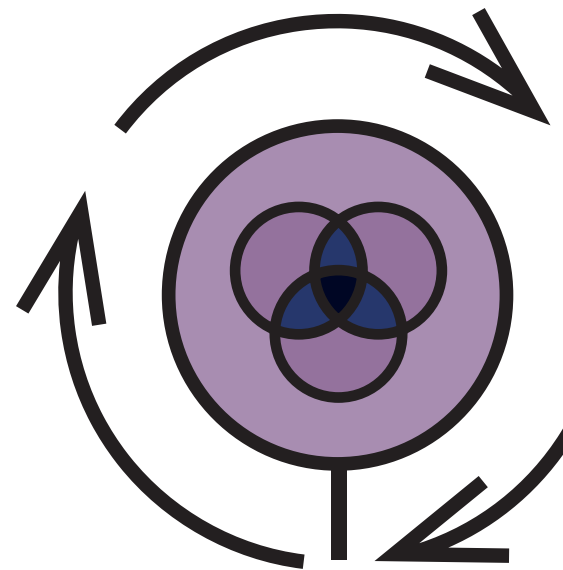
## RESEARCH

### - Building the evidence base



In 2017-18, we continued to build the evidence base about the experience of households and small businesses in the National Energy Market, and the challenges they faced in different jurisdictions.

This research, and the important collaborative work and research and advocacy we fund through our grants program, is fundamental to our work because it informs our evidence-based approach to advocacy on behalf of consumers.



### What consumers are telling us

In addition to supporting our own approach to advocacy and policy, the *Energy Consumer Sentiment Survey* has become an increasingly important part of the broader energy sector evidence base in 2017-18.

We published two reports of the results from the Survey this year – the June 2017 Report in July and the December 2017 Report in February – which focussed on the level of satisfaction, confidence and activity among households and small businesses.

In the survey, households and small businesses continue to say that they are not getting good value for money in the energy market. They consistently rank electricity behind all other services in the survey including banking, mobile phone, insurance and internet services on value for money.

The survey also continues to show that consumers lack confidence the market is working in their interests or will do so in the future. The results released in February show that only 21% of consumers are confident the market is working in their interests.

To the extent they can, consumers are taking matters into their own hands to minimise their energy bills, but most say they have done

everything they know how to do. This includes switching off lighting and appliances when not in use, monitoring temperature settings on appliances and using appliances less frequently.

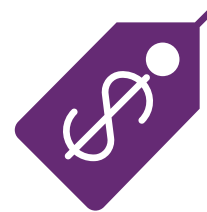
Where they can, consumers are also responding to high electricity costs by investing in technology to gain control over their energy use.

Over 5% of people have already purchased a home energy management system and a further 20% looking to do so; and

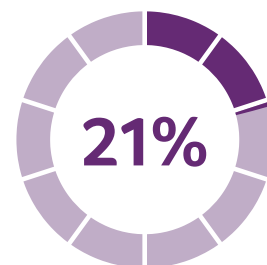
Battery storage interest is high with around 30% considering procuring the technology.

There is also a strong willingness among consumers to be part of the solution to potential outages and reliability issues – providing an alternative to more infrastructure spending. Around half of those surveyed say they would lower their energy use to help avoid an outage on hot summer days without a reward and another quarter would do so for a small financial reward.

These results challenge the notion of consumer disengagement or apathy. Rather, the survey shows a willingness to engage but a lack of confidence in the information and tools that support their engagement with the market.



***Households and small businesses continue to say that they are not getting good value for money in the energy market***



***Only 21% of consumers are confident the market is working in their interests***



***In 2017-18, we sharpened our focus on the energy costs faced by small businesses through the SME Retail Tariff Tracking Project.***

In the survey results released in February, consumer confidence in their ability to make choices about energy products and services was down by as much as 23% in one jurisdiction. Their confidence in the information and tools available to support their decision making was down in almost all jurisdictions and by 14% among small businesses.

We also continue to see a problem with the experience of switching in the retail market, with most consumers who have switched saying they are not more satisfied with the value for money of 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 makers, rule makers and

industry stakeholders on the need to improve the outcomes for consumers, with a very clear focus on affordability.

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

For more than 1 million Australian small businesses, energy can be a major cost of production. Yet there has been little evidence of what individual small business consumers might actually be paying for energy and how that is changing over time.

The *Energy Consumer Sentiment Survey* shows 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.



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AUTHOR



The Energy Consumer Sentiment Survey is a long-term project for Energy Consumers Australia. It is designed to provide information on household and small business consumer sentiment with a focus on the three key areas of satisfaction, confidence and activity. As the survey is undertaken every six months it tracks changes in sentiment over time and detects trends which can inform energy market and policy development in the long-term interests of consumers.

The responses to this fourth survey may have been influenced by a number of top-of-mind events in energy markets leading up to the survey in September 2017, and in particular the significant increases in the retail price of electricity and gas that came into effect from 1 July 2017. Governments across Australia have announced a range of packages and measures to assist consumers with energy affordability.

Full survey results are available in the report.

## Retail choice project

In 2017-18 we initiated a new research project, being undertaken by Energeia to support innovation in rewarding consumers for choosing to shift their energy use outside of peak periods.

In the short to medium term this is linked to the implementation of cost-reflective network tariffs, but also goes to the future development of innovative tariffs by retailers that reward consumers who choose or able to shift their peak load and mitigate retailers' exposure to wholesale peak prices.

The project will deliver a comprehensive information to Energy Consumers Australia regarding retailer pricing strategies, with a focus on their modification of network price signals, and the impacts of these modifications on customer bills and overall system efficiency.

In the next stage of the project we will engage with stakeholders, including:

- retailers, to encourage innovation and the development of an energy services market (noting the findings of the Brattle Group scoping study for *Power Shift* on the culture in the industry as a barrier to change);
- aggregators and third-party service providers, as supporters of innovation and new business models, that support products and services that reward consumers for flexibility in their energy use;
- key policy makers, market bodies, jurisdictional regulators and policy institutes to seek support to influence the pace of change and encourage innovation.





**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.**

In 2017-18, we sharpened our focus on the energy costs faced by small businesses through the *SME Retail Tariff Tracker* project. The analysis presented in our 2018 final report showed significant bill increases in the past year (up to an average 22% in one jurisdiction) based on retail offers available in April 2018 compared with the same period a year earlier.

The value of this project is in addressing a lack of data and reporting on energy costs and outcomes for small businesses. The project started when we commissioned Alviss Consulting to track retail electricity and gas offers available to small businesses across Australia. Alviss has now collected retail offers from all major retailers in April 2016, April 2017, July 2017 and April 2018.

Because this is a frontier project, there is limited other data or reporting to draw on, so we have refined the approach over time. The report relied (in part) on assumed consumption levels and we adjusted these levels in the final report to reflect feedback received from stakeholders on our preliminary report.

While we are continuing to refine our approach, we are confident that, using this data, it is now possible to calculate a bill outcome for a small to medium enterprise (SME) against a range of consumption levels, and retail tariff types. This is a major leap forward in the evidence base available to support good policy making and further research.

One of our major future research priorities will be continuing to refine this crucial data set to allow closer tracking of changes in small business energy costs. Based on this work we have funded the collection of a series of small business case studies through the *Grants Program*.

## **Investigating retail market drivers**

In 2017-18 we continued our investigation of the business drivers of the retail energy companies, as part of Energy Consumers Australia's contribution to the Australian Competition and Consumer Commission's (ACCC) *Retail Electricity Pricing Inquiry*.

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. There is not, for example, useful information available about what consumers are paying for their 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.

In December 2017 we published the results of the investigative analysis by Finncorn Consulting – *State of Play: Quantifying the competitive outcomes of retailing in the NEM*.

In this report Finncorn Consulting analysed 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.

In its final report, released in July 2018, the ACCC was able to confirm the analysis presented by Finncorn, using their information gathering powers that the competitive market is not working as it should and margins are high.



## 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 2017-18.

Having explored the systemic drivers of disconnections for households and small businesses, we have looked beyond interventions in retail energy markets, such as early engagement and improved hardship policies and practices, to include housing and incomes policy. We approved the final report for this project in August 2018.



## Consumer data right

Energy Consumers Australia published a discussion paper on data portability in July 2017.

At the same time the COAG Energy Council funded a project to review the availability of metering data. Our discussion paper was used as a strawman in the initial consultancy report.

Following the *Productivity Commission's Data Availability and Use Inquiry* (in which Energy Consumers Australia participated) the Commonwealth Government announced an intention to legislate an economy wide Consumer Data Right (CDR) with energy one of the first three sectors.


The 2018 Federal Budget provided funding to the ACCC, Office of the Australian Information Commissioner and Data61 to implement the CDR starting with Open Banking. It is anticipated that a meaningful CDR for at least the data necessary for offer comparison will be available by December 2019.



Energy Consumers Australia is acknowledged by the Productivity Commission, Treasury and industry as being influential in the developments to date. We will continue to engage with this work to ensure outcomes are consumer focused.

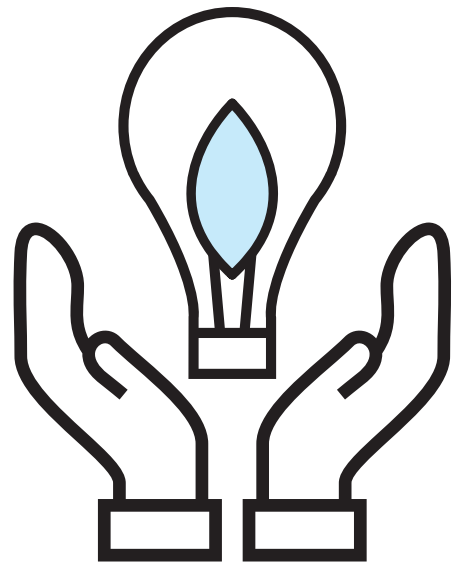
## POLICY AND ADVOCACY

- Your voice heard

A photograph of a man with a beard and a black hat, smiling warmly at the camera. He is wearing a grey t-shirt and a dark apron. He is standing in what appears to be a cafe or bar, with shelves of bottles and another person working in the background. The lighting is warm and the atmosphere is friendly.

In a year that saw energy policy in Australia debated in a highly complex and contested environment, our unique vantage point, and evidence-based approach to policy and advocacy, has allowed us to help shape the debates and ensure the consumer's voice is at the centre of key policy decisions.





Our work over the year spanned the whole energy supply chain, from wholesale markets, networks and the retail market.

In all these areas, our focus was on placing the consumer's point of view at the heart of all decisions, as almost all aspects of the energy system continue to undergo fundamental transformation. We are constantly seeking to ensure the market works to deliver energy services for consumers that are affordable, individualised and optimised.

### Competitive and stable wholesale markets

In June 2017, *The Independent Review into the Future Security of the National Electricity Market* (the Finkel Report) was handed to the Council of Australian Governments (COAG).

Shortly after, the COAG Energy Council announced it would immediately act on 49 of the 50 recommendations, to be coordinated through the new Energy Security Board.

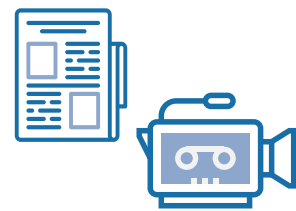
Subsequently, the Energy Security Board developed a proposed mechanism to combine reliability and emissions reduction through a *National Energy Guarantee*.

### National Energy Guarantee

From the time the *National Energy Guarantee* was first proposed, we devoted significant effort to analysing the possible implications of the evolving design, emphasising the need for an 'affordability constraint' to be applied to the decision making about the mechanism's design. These efforts included:

- engaging extensively with the Energy Security Board through our status as an observer of COAG Energy Council meetings;
- our CEO presenting the consumer perspective at the February and July Public Forums on the *National Energy Guarantee*;
- facilitating multiple teleconferences between consumer advocates and staff working for the Energy Security Board and COAG Energy Council; and
- commissioning expert analysis of the detailed design of the reliability guarantee, to underpin our contribution to policy development and our submissions.

The themes of our contribution to the process to develop the *National Energy Guarantee* have been:



***It is important to engage with media who help shape the national debates about energy policy and regulation***



***Our people presented at a range of conferences and events in 2017/18***





**It is critical that governments work together on a comprehensive and coordinated package of measures to settle the wholesale market and bring prices down**

- the desirability of integrating energy and emissions reduction policy, to promote investment in new energy generation and bring bills down over time;
- the need to avoid negative impacts on competition, especially where this is already not effective (retail markets); and
- that affordability must be seen as a constraint on decision making.

We worked with other consumer groups, and the Energy Security Board, to develop and refine our contributions to the policy development process.

The ACCC *Retail Electricity Pricing Inquiry* also made important recommendations about the transparency and competitiveness of the wholesale market, as well as opportunities for governments to support investment in new dispatchable generation, that complement the *National Energy Guarantee* mechanism. It is critical that governments work together on a comprehensive and coordinated package of measures to settle the wholesale market and bring prices down.

### Wholesale market reform

We had two additional areas of wholesale market focus during the year.

The first was the continuing work of the *COAG Energy Council Gas Market Reform Group*. We continued to participate in the stakeholder reference group for this work, facilitating the engagement of other consumer advocates and providing two submissions on aspects of the Group's work. We remain convinced there is scope to reduce energy bills through improvements to transparency and competition in the market for gas shipping capacity.

Secondly, we participated in the Australian Energy Market Commission's rule change processes including the proposed rule to reduce the settlement period in the wholesale market from half an hour to five minutes.

Consistent with our advocacy, the Commission accepted that the change would reduce the scope for generators to inflate the prices they receive by making carefully planned and precisely timed bids into the generation pool.

### Consumers pay no more than necessary for network services

The cost of energy distribution and transmission networks make up 40-55% of the consumer's bill, depending on which state or territory you live in. As natural monopolies, networks have their revenue determined by the Australian Energy Regulator. The frameworks and process which determine these revenue allowances therefore represent a key opportunity for us to reduce prices and improve outcomes for energy consumers.

Our starting place is that households and small businesses want affordability to be an explicit criterion in our decision-making about investment in the poles and wires and gas pipelines, as with all other parts of the energy supply chain. That means that existing and future investment must be optimised so that no more is spent than necessary on behalf of consumers and new investments are not made earlier than required.

### Reform in network regulation

To that end, the two areas of network regulation that underwent the most significant development in 2017-18 were, first, changes to the way returns to network investors are calculated



Lynne Gallagher speaks to the media in June 2017.



and, second, removal of the limited merits review of the regulator's determinations.

The process to determine the allowed rate of return that networks are assumed to pay to debt and equity holders is the single biggest driver of network prices. In December 2016, the COAG Energy Council agreed that the Australian Energy Regulator's guideline for how it determines the final rate of return would be turned into a binding methodology. The exact methodology would be determined through the scheduled process to review the rate of return guideline.

We devoted significant resources to ensuring the allowed rate of return reflects the true, low-risk nature of network investments with guaranteed revenue levels. This participation included funding two experts to participate in the expert concurrent evidence sessions arranged by the Australian Energy Regulator and being a member of the consumer reference group for the development of the binding methodology.

The limited merits review was removed by the Federal Government, through an amendment to the law that established and governs the Australian Competition Tribunal.

Those efforts by networks, the Australian Energy Regulator and consumer groups to turn the page on a highly confrontational era and acrimonious network revenue processes coloured a number of areas of our work in 2017-18.

The most significant of these was our involvement in the development of the *New Regulation (NewReg)* approach to revenue determinations, including the trial being undertaken by AusNet Services in Victoria (discussed in the collaboration section of this report on page 17).

### Our engagement with networks

In addition, we prioritised several other opportunities to adopt new approaches to network revenue determinations, including:

***We devoted significant resources to ensuring the allowed rate of return reflects the true, low-risk nature of network investments with guaranteed revenue levels***



- the CEO's membership of Essential Energy's Board sub-committee to develop its regulatory proposal, providing a consumer perspective at the proposal development stage;
- our proposal to establish a new Stakeholder Monitoring Committee for TransGrid's \$235 million Powering Sydney's Future project, with the network's support, following expert concerns about the optimum timing and scope of the project;
- our participation in extensive discussions with the four electricity networks in NSW/ACT, whose current revenue determination was set aside by the Australian Competition Tribunal, about the proposed remaking of those decision (and associated revenue increases); and
- participation in more than 40 hours of deep-dive forums on NSW distribution network capital expenditure with the Australian Energy Regulator and its *Consumer*

*Challenge Panel*, as well as other consumer advocates. This process was devised as part of the networks being granted an extension to submit their proposals and provided important lessons for networks in Queensland, South Australia and Victoria, whose determinations take place in coming years;

- engagement with South Australia Power Networks, Energy Queensland, and the Victorian electricity distribution businesses and Jemena Gas, in the development of their regulatory proposals.

### Network pricing reform

A key focus of our engagement in 2017-18 was on the opportunities and risks associated with network tariff reform. Working closely with advocates in NSW, and the *Consumer Challenge Panel* (CCP 10) we collaborated on a Pricing Directions paper. We also worked closely with the





regulator in developing its approach and convened a national workshop with all electricity distribution businesses and the regulator with the CCP sub-panel on tariffs in July 2018. Energy Consumers Australia also presented to both Victorian pricing forums, in November 2017 and April 2018, on consumer perspectives on pricing reform.

## The retail market delivers better outcomes for consumers, who can participate with confidence

As outlined in the research section of this report, our *Energy Consumer Sentiment Survey* continues to show that consumer satisfaction with value for money of energy ranks behind other similar services. Absorbing continued major price increases, no matter what action they take, has been painful for many energy consumers.

### Retail Electricity Pricing Inquiry

The Federal Government demonstrated an intention to intervene in this area in March 2017, when it directed the ACCC to undertake an Inquiry into Electricity Supply and Prices.

Over the course of the Inquiry we facilitated two teleconferences with the ACCC and consumer advocates, as well as making two submissions and being involved in numerous other engagements with members of the ACCC project team, energy companies and other groups regarding the review.

Our first submission in July 2017 was in response to the ACCC's issues paper and was informed by evidence of multiple market failures that have led to poor consumer outcomes. This included:

- our initial analysis of the retail market drivers by Finncorn Consulting,
- our *Energy Consumer Sentiment Survey* research on consumer attitudes;
- work we commissioned to calculate the cost of energy hardship on the market as a whole;
- analysis of consumers' reasons for installing solar panels (and the relationship to dissatisfaction with the retail electricity market);
- a report from our 2016 *Regional Listening* tour; and
- a summary of outputs from our Grants Program that were relevant to the inquiry.

Our second submission engaged substantively with many of the propositions in the ACCC's preliminary report, including the need for better data and performance monitoring, the negative impact of current discounting practices, price dispersion, the retail market structure and the role of cost reflective network prices.

The ACCC's final report of the *Retail Electricity Pricing Inquiry* was released on 11 July 2018, making 56 recommendations that go to all parts of the energy supply chain. The ACCC concluded that

"The National Electricity Market is largely broken and needs to be reset. Previous approaches to policy, regulatory design and competition in this sector over at least the past decade have resulted in a serious electricity affordability problem for consumers and businesses."

Progress on the ACCC recommendations in 2018/19 will be critical to restoring consumer

***Progress on the ACCC recommendations in 2018/19 will be critical to restoring consumer confidence and trust in the market and delivering the first instalment on the estimated savings of 20-25% reduction in household and small business bills.***





confidence and trust in the market and delivering the first instalment on the estimated savings of 20-25% reduction in household and small business bills.

### Intervention in the retail market

Shortly after the ACCC inquiry commenced, retailers announced significant retail electricity price increases from 1 July 2017, again stoking significant community concern about the cost of energy.

The Prime Minister met with the CEOs of nine retailers, including Energy Australia, Origin and AGL on 4 August 2017 and again on 30 August 2017.

The Prime Minister's meetings, and the efforts of all stakeholders, resulted in commitments from retailers to improve their marketing and customer assistance, including by writing to customers on expired discounts.

The Federal Minister for Environment and Energy also brought forward various proposals to amend the *National Electricity (and Gas) Retail Rules*.

We made submissions and facilitated others' participation in a number of rule changes and associated processes stemming from the Prime Minister's commitments, including the Australian Energy Market Commission's rule change process:

- to strengthen requirements for customers to be informed of the end of a fixed benefit period (when consumers often lose their discount),

including subsequent changes to relevant Australian Energy Regulator guideline;

- for new restrictions placed on offering discounts off inflated base energy rates.

We have been actively involved in the Australian Energy Regulator's reference committee which deliberated on processes related to the information that must be displayed on consumers' bills, with the aim of making it easier for consumers to effectively compare their current plan to alternatives available in the market and the associated *Retail Pricing Information Guideline*.

Our approach in these processes is to encourage the integration of consumer insights and a focus on the customer outcomes of intervention, rather than being highly prescriptive about the mechanisms to achieve them.

In this context we have worked closely with the Australian Renewable Energy Agency on the potential for a *Consumer Insights Laboratory* (the ciLAB) with a consortium of industry, government and innovators to bring customer insights and knowledge sharing to innovative pilots both in "flight" and during the design phase.

While important progress was made in untangling the retail market in 2017-18, we anticipate further significant progress in this area in 2018-19, stemming from both the current momentum amongst all stakeholders and the ACCC's final report.



*Rosemary Sinclair AM speaks at the National Energy Efficiency Conference 2017*

## Consumers at the centre of innovation and transformation in the energy system

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.

We think it is also important to engage with media who help shape the national debates about energy policy and regulation.

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 media and public commentary in what consumers are telling us – the principle vehicle for this being the *Energy Consumer Sentiment Survey* and our other consumer research.





***We directly participated in the consumer advisory and reference groups of many of the energy networks in the National Energy Market.***

We spoke up for households and small businesses in a range of standing policy and technical committees and forums in 2017-18, 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 (observer status);
- AER Rate of Return Review Consumer Reference Group; and
- Gas Market Reform Group Stakeholder Reference Group.

We also participated in other key processes supported by the Energy Council including:

- the COAG Energy Council and Commonwealth Treasury's processes about consumer access to data;
- the AEMO's development of an Integrated System Plan (following a recommendation in the Finkel Report); and
- the COAG Energy Council's consideration of increased resourcing for consumer participation in network revenue determinations and regulatory processes.

We also gave evidence before the Legislative Council Select Committee on Electricity Supply, Demand and Prices in New South Wales.

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. We directly participated in the consumer advisory and reference groups of many of the energy networks in the National Energy Market, specifically:

- Powerlink (Queensland, electricity transmission);
- TransGrid (NSW, electricity transmission)
- SA Power Networks (South Australia, electricity distribution);
- Ausnet Services (Victoria, electricity distribution);
- Jemena Electricity Network (Victoria, distribution);
- CitiPower/Powercor/United Energy (Victoria, electricity distribution);
- Energy Queensland (electricity distribution);
- Ausgrid (NSW, electricity distribution);
- Endeavour Energy (NSW, electricity distribution);
- Essential Energy (NSW, electricity distribution); and
- Jemena Gas Network (NSW, distribution).

Participating in these forums represents an opportunity for us to engage with the senior management of the network and to share views with the business and other consumer advocates about the issues at hand.

In 2018-19 we will be developing and refining our strategic approach to participating in the next round of network determination processes, in collaboration with jurisdictional advocates and consumer groups.

Energy Consumers Australia was also pleased to collaborate with Energy Networks Australia in their inaugural awards for consumer engagement and innovation, announced in December 2017.

Our people also presented at a range of conferences and events in 2017/18, including:

- ACCC Retail Electricity Pricing Inquiry Public Forum.
- Infrastructure Australia Energy Symposium;
- Energy Networks Australia Conference;
- EUAA National Conference;
- International Energy Agency Beyond Energy Savings Forum;
- AEMO Summer Readiness Briefing
- National Energy Efficiency Conference.
- World Forum on Energy Regulation.
- The Future of HVAC Conference.
- After Hazelwood, ATSE Symposium.
- COTA Policy Forum.
- Retail and network company CEO and board strategy workshops.
- Energy Security Board, National Energy Guarantee Public Forum.
- Reposit Fleet Launch.




## Thank you

In all our policy and advocacy, we work with a wide variety of stakeholders, including: Commonwealth, State and Territory Governments, energy market participants across the supply chain (wholesale, network, retail and new energy); energy market institutions; and our consumer advocacy colleagues across the country. We offer our most sincere thanks to all the stakeholders and consumers we have worked with in our efforts to ensure the energy system operates, above all, in the long-term interest of consumers. As an advocacy organisation, we can only affect genuine change through working with others.



## COLLABORATION

- Listening & connecting

A woman with dark hair, wearing a vibrant purple and orange patterned shirt, is smiling and looking towards a man in a dark suit and glasses. They are seated at a table in a conference room, with other people and tables visible in the background. The woman is holding a pen and a notepad. A green brushstroke graphic is behind the text box.

Working collaboratively with stakeholders is critical to our success. Our starting place is that worthwhile change only happens when we work together, respecting difference but focusing on a clear, agreed outcome.



Energy Consumers Australia is 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 increasingly engaging with a 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. For example, in 2017-18 we have extended our engagement to policy makers and program agencies working to improve the energy efficiency and comfort of our homes. This development was a direct result of the issues raised concerning the link between housing and energy costs, particularly for renters, raised at our annual Foresighting Forums.

Energy Consumers Australia's Board 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 second Board Reference Committee over the past year and thank them sincerely for their contribution.

The influence consumer groups exercised through review and reform processes during the year 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 affordability and rewarding consumers in the ACCC's *Retail Electricity Pricing Inquiry* final report 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.

Facilitating the regular sharing and exchange of information and perspectives on key policy and regulatory processes was also a priority in 2017-18.

We issued Information Bulletins at COAG Energy Council meetings for consumer groups and other key



**130+**  
**ATTENDEES**



**41**  
**SPEAKERS**

***Foresighting Forum  
2018 brought together  
more than 130 consumer  
advocates, government  
and industry***



***Regular sharing and  
exchange of information  
and perspectives was a  
priority in 2017-18***

— — —

***The influence consumer groups exercised through review and reform processes during the year demonstrates the collective strength of the movement***

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 often with senior representatives from the market bodies or the review teams presenting and participating.

**Community Listening  
– Northern Rivers**

We meet with consumers in communities across Australia, and from all walks of life, to hear directly about the energy issues affecting them.

This gives us an opportunity to share perspectives about the Australian energy market and where it might be headed, identifying issues that need to be reflected back to policy makers, regulators and energy companies.

Energy Consumers Australia met with consumers and small businesses in the Northern Rivers region of NSW, between 14-18 May 2018. We had the opportunity to listen to the experiences in the energy market from a range of local people including local government staff, financial planners, and community organisations as well as small business owners.

In the Northern Rivers communities, we heard that:

- there is a strong sense that households and small businesses are anxious about their energy costs;
- there is an interest in renewable energy, and a reduction in Australia's emissions;
- concerns with the well-being of the local community are at the forefront of people's minds.



## Board Stakeholder Forums

Our Board meets monthly, on a rotating basis in capital cities. In 2017-18, five of these meetings were preceded by stakeholder forums.

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.

Forums will be held in Hobart and Bundaberg later in 2018 – the latter reflecting the Board's commitment to also meet in regional Australia.

### Board Stakeholder Forums July 2017 – June 2018

August 2017	Sydney
64 Attendees	

#### SPEAKERS:

- Cassandra Hogan KPMG – Report on the Thwaites/Mulder/Faulkner review
- Bjorn Sturmberg, Macquarie University – Sun Powered Rentals
- Mark Byrne, Beyond Tariffs, Fairly Valuing Distributed Energy
- Edgar Liu, Macquarie University – Affordable Renewable Energy

October 2017	Canberra
45 Attendees	

#### SPEAKERS:

- Dr Stephen Bygrave – Overview of ACT Program of Innovation
- Peter Strong, COSBOA – How the Energy Conundrum is Affecting Small Business
- Steve Blume, Australian Solar Council – Digital IT to support New Energy Services

November 2017	Adelaide
40 Attendees	

#### SPEAKERS:

- Andrew McKenna, Business South Australia – How the Energy Conundrum is Affecting Small Business
- Andrew Nance, The Energy Project – Energy Poverty, Consumers not using heating because of electricity costs

March 2018	Melbourne
79 Attendees	

#### SPEAKERS:

- Yolande Strengers, Associate Professor RMIT – Energy Market reviews not questioning how practices might change and what might that mean for consumers in the energy sector
- Dylan McConnell, Research Fellow Uni Melbourne – The Open NEM project – data availability and accessibility using open source software
- James Seymour, CEO Ovida – How to give energy consumers more choice and easier access to the benefits of new energy solutions

May 2018	Canberra
50 Attendees	

#### SPEAKERS:

- Lachlan Blackhall, ANU – Innovating and optimising in a distributed system
- Lynne Gallagher, Energy Consumers Australia – Our Grants Program and its impact; Our forward Advocacy Agenda



Consumer advocate: Lauren Solomon





### Foresighting Forum 2018

Our third annual *Foresighting Forum* was held in Sydney in February 2018 with the theme *Take charge: Shifting power to consumers in the using, making and trading of energy*.



We brought together more than 130 consumer advocates, government and industry, with 41 speakers leading discussions about the issues which require attention in the interests of residential and small business consumers.

The forum delved into the affordability and transformation challenges, and how we shift power and control to consumers, while also providing an opportunity for consumer advocates and others in the sector to connect.

The forum participants contributed to a game changing conversation to re-make the energy system for consumers and by consumers. The forum explored how we can integrate “vices, prices and devices” to confront today’s and tomorrow’s challenges:

- today, the affordability challenge, where the Forum considered:
  - complementary measures that work;
  - the need for a sharper focus on incomes, housing, health and social inclusion policies that are integrated with energy market outcomes;
  - competition that drives prices down and innovation up;



- the next challenge, which is individualised and optimised energy, where we:

- design and deploy the next generation of tools and services to help consumers manage their energy use;
- integrate our thinking about consumer needs and behaviour with the need to reform the way we value and price energy services, and how we finally seize the opportunity of demand response;
- clear the way for consumers to generate, share, trade individually or as a community.

*Foresighting Forum 2019* will be held in Sydney in the third week in February. The overall theme is data:

- data to inform individualised choices, and create value for all consumers, to help consumers Take Charge;
- data to optimise the system, to wring every last bit of capacity and potential from our infrastructure, to connect and coordinate a dynamic, decentralised system; and
- in a broader context, data to drive the next great wave of microeconomic reform, starting with the Open Banking work the Federal Treasurer recently announced, but coming to energy next.

*We brought together more than 130 consumer advocates, government and industry, with 41 speakers leading discussions about the issues which require attention in the interests of residential and small business consumers.*





***We were asked by the Chair of the COAG Energy Council to collaborate with others in the sector to develop an Industry Code to improve customer protections for behind the meter products and services***

## Sector collaboration initiatives

In 2017-18, we participated in a number of key initiatives that were new collaborations across the energy sector, contributed to a range of forums and engaged actively with our advocate colleagues, stakeholders and the community.

### NewReg collaboration project

In June 2017, the AER, Energy Networks Australia (ENA) and Energy Consumers Australia launched a joint initiative to explore ways to improve sector engagement and identify opportunities for regulatory innovation. The goal of this initiative is to ensure that customers' preferences drive energy network businesses proposals and regulatory outcomes.

On 23 March 2018, the agencies jointly released a draft process to enable consumer perspectives to be reflected in regulatory proposals in advance of lodging those proposals for the AER's assessment under the legislative framework. This draft process is called *NewReg: Towards Consumer-Centric Energy Network Regulation*.

In March 2018 an approach paper and a directions paper were released along with an announcement that AusNet Services is trialing the approach.

Central to the model is the creation of an additional body — the *Customer Forum* — that is formed to represent the consumer perspective and to act as the counterparty to a negotiation with the network of the revenue proposal. The forum and AusNet Services will together be engaging directly with consumers and commissioning research to glean consumer perspectives.

To the extent that through the negotiation the forum can attest to

the AER that the revenue proposal accurately reflects consumer perspectives it is expected that the AER will give weight to the agreement.

This does not mean that the AER won't be doing its statutory task of assessing the efficiency of planned expenditure, but it is expected that both the Forum and network will be given early advice of the AER staff analysis.

The trial is a process of 'learning by doing' and alongside it the project team is conducting a live engagement process of consultation to refine the proposed approach from the lessons of the trial and further contributions from stakeholders.

Overall the project has four elements that are being tested. The first two relate to the general concepts of the project; to demonstrate the ability to undertake a collaborative exercise between the three organisations and to explore a new approach to regulatory innovation. The second two relate to the specifics of the trial; to ascertain whether the network can gain a better understanding of consumer preferences and to see if a negotiation can result in a revenue proposal that is more likely to be accepted by the regulator.

### Behind the Meter collaboration project

Consumers continue to drive the energy transition through their adoption of solar panels and, increasingly, home energy storage with smart trading software. These products, and others, are collectively referred to as *Behind the Meter* (BTM) because they are between a consumer's meter and their point of consumption.

More than 1.8 million Australian householders currently have solar PV at their home. And while there is limited



uptake of battery storage systems, the *Energy Consumer Sentiment Survey* shows that between 24% (NSW) and 48% (ACT) of consumers say they are interested in installing battery storage systems.

With this potential technological uptake in mind, in September 2017, we were asked by the Chair of the COAG Energy Council to collaborate with others in the sector to develop an industry code to improve customer protections for behind the meter products and services. This work has been carried out in collaboration with the Australian Energy Council, Clean Energy Council, Solar Council of Australia (now the Smart Energy Council) and Energy Networks Australia.

The Federal Energy Minister instructed that the code be developed to ‘improve customer protections for behind the meter products and services and ensure that consumers are well informed of those protections’. We were also asked to develop a range of consumer information products on consumer rights and responsibilities for these products and services.

Over the past year, we have been working closely with industry to develop the *Behind the Meter Code*, focusing on high level principles for commitments to consumers across pre-sales activities, sales and installation, services and contracts, warranties, payments including finance arrangements, end of life, data access and privacy, complaints handling and dispute resolution, compliance and monitoring, governance and information regarding off-grid activity.

In addition to work on the code, we are also developing a framework for consistent information products to better assist consumers in understanding their rights and

responsibilities in relation to behind the meter products and services.

The code and consumer information products are to be completed by the end of 2018.

### The Energy Charter

CEOs from the gas and electricity supply chains have committed to developing a consumer charter to deliver energy in line with community expectations.

*The Energy Charter* is the first whole-of-sector initiative to address customer and community expectations and is being progressed in consultation with consumer and business representatives.

Energy Consumers Australia are playing a leadership role in the development of *The Energy Charter*, closely monitoring progress and providing guidance based on consumer expectations of the initiative.

Signatories to *The Energy Charter* will commit to placing customers foremost within their businesses, with collective accountability, so customers can feel more confident about their choices and that the energy sector is working in their interests. There are specific commitments to:

- Deliver energy better;
- Focus on affordability;
- Better enable customers to compare energy businesses and their performance; and
- Working together with all stakeholders.

*The Energy Charter* will be a principles-based disclosure framework that can be applied to all businesses across the gas and electricity supply chains: producers, generators, pipelines, networks and retailers.

***The Energy Charter is the first whole-of-sector initiative to address customer and community expectations and is being progressed in consultation with consumer and business representatives.***




Consumer advocate: Craig Memery



## POWER SHIFT

- More affordable  
outcomes for consumers



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 Federal Government. We work with industry and government to help them deliver programs and products that support households, and in particular vulnerable households, to manage their energy use.

We have now delivered a robust and persuasive evidence base that underlines the significant value – to consumers and more broadly – arising from rewarding consumers for managing their energy.

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.

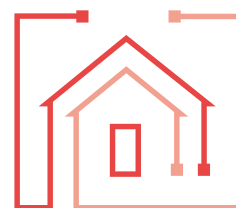
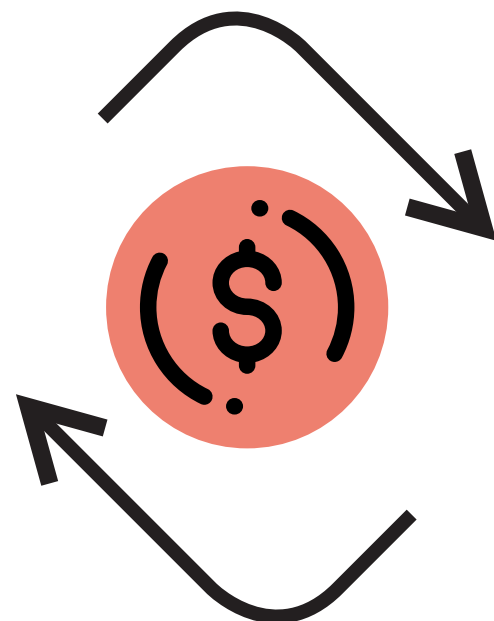
We see industry playing a bigger role than it has in the past to support the uptake of energy efficiency options

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.

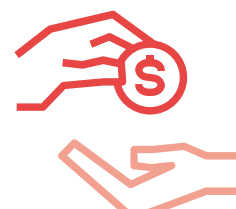
### Consumer insights

Through our research into the evidence base we have developed a range of consumer insights, when engaging with consumers in managing their energy use.

- There is no one size fits all – however consumers and households can be grouped according to their preferences for how they receive and act on information or assistance measures;
- Framing the message is critical – not only are customers struggling to find a trusted voice, the language we use to convey the benefits of energy management is not resonating with those households;
- Not all consumers are the same – we forget that household energy use is determined by all the residents, not just the account-holder. Consumers require assistance and information delivered in a format that suits the way they live;



***Through Power Shift, we have established an informal network of individuals and organisations working on consumer behavioural research.***



***Helping shape tariffs that reward consumers for shifting or reducing their energy use.***



**We have now delivered a robust and persuasive evidence base that underlines the significant value – to consumers and more broadly – arising from rewarding consumers for managing their energy.**

- Retailers are not providing all customers with assistance – some have delivered effective and substantive help to vulnerable consumers, but have not tended to translate that into their products and services; and
- No amount of education or information will help if housing stock or appliances are inefficient.

We are now communicating these insights to decision-makers and have been consulted by energy retailers on their consumer research and design of new products, to ensure the information and assistance provided to their customers is effective and well-targeted.

We have also been talking with energy networks, to help shape tariffs that reward consumers for shifting or reducing their energy use.

A key platform to highlight these issues was our *Foresighting Forum 2018* where the agenda was centered on the lessons of *Power Shift* and gave us the opportunity to share the research with forum participants.

Through *Power Shift* and the 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 organisations 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 *International Energy Agency Forum* on energy efficiency in March 2018.

Through *Power Shift*, we have established an informal network of individuals and organisations working on consumer behavioural research. One of the primary members of this network is the Group of Energy Efficiency Researchers Australia.

### Information and tools

In 2017-18, we launched two important tools for the sector:

- *Driving Change*, launched in November 2017, detailed which initiatives from the Low-Income Energy Efficiency Program (and communication channels) best drove behaviour change. The report lays out a clear pathway to reach out to low income consumers. It developed a framework for segmenting low-income consumers according to their different needs and preferences:
- In *Multiple Impacts of Household Energy Efficiency*, we developed an Australian framework to define and quantify the co-benefits of energy efficiency. It outlines key principles for program design, and – for each co-benefit – provides a description of the benefit, its likely materiality and how it could be measured.

These frameworks make clear that the sector's historical focus has been



one-side, relying solely on reducing energy usage or bills. This new way of conceptualising energy efficiency considers a broader range of social and economic drivers and benefits for consumers.

In 2017-18, we initiated two new substantive pieces of research (which will be published in 2018-19).

The first was a comprehensive framework to guide the development of new tools and services for consumers. ACIL Allen were commissioned to design a framework to help policy-makers better target policies and programs that support consumers to manage their energy bills. The project:

- Developed a segmentation framework that provides policy-makers with an indication of how different types of residential consumers make decisions; how to reach and empower those consumers; and documented the assistance currently available to consumers;
- Using the segmentation framework, undertook a gap analysis to assess whether that assistance is adequate, and where there is more work to be done; and
- Identified priority areas for action by policy-makers.

We also commissioned research by The Brattle Group to analyse market barriers to the delivery of products and services to consumers to help them manage their energy use and costs, and how to overcome those barriers.

We have found there are no insurmountable market or regulatory barriers to the development of an energy services market, but that cultural resistance is the biggest speedbump. The research underlines

the need for significant cultural change in the energy industry – particularly among energy companies – to support the transition to an energy services market that works for households and small businesses.

The lessons from *Power Shift* are now embedded in our call for a market that seeks the empowerment of consumers through affordable, individualised and optimised energy.

### **Group of Energy Efficiency Researchers Australia**

As agreed with the Federal Government, 10 per cent of the funding was passed through to the Group of Energy Efficiency Researchers, to support and continue their work.

The Group comprises academics involved in the Low-Income Energy Efficiency Program, which created a critical mass of expertise across nine academic institutions.

The Group met regularly over the planning period, to identify potential areas for research and collaboration on those projects.

It held a round table with key government and industry stakeholders in October 2017, to inform the development of research to improve the lives of householders experiencing energy hardship.

The proceedings of the Group's first international conference *Improving Residential Energy Efficiency 2017* were published in *Energy Procedia* (vol. 121, Sept 2017).



***We have found there are no insurmountable market or regulatory barriers to the development of an energy services market, but that cultural resistance is the biggest speedbump.***



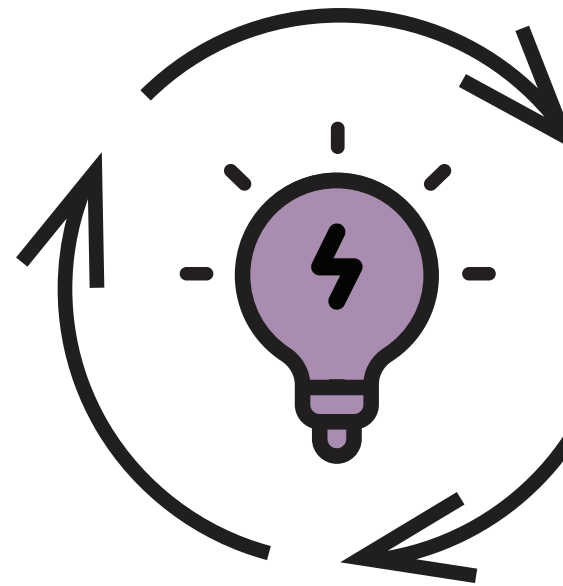
## GRANTS

- Backing bright ideas

With new ideas and interest in the energy sector from a wider range of groups, demand for funding from the Grants Program has grown and we now have a larger community of contributors under the Grants program.



Our grants program supports high quality and innovative research and advocacy initiatives which support the long-term interests of energy consumers.



We provide three types of grants:

- **Advocacy:** on issues of strategic importance or material consequence 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; and
- **CEO Grants:** 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.

Until the end of 2017-18, CEO Grants were for amounts up to \$10,000 and the total amount available within the program was capped at \$60,000 annually. Our Board has increased these amounts to \$15,000 and \$90,000 respectively.

We have continued to approve a number 'multi-year' grants. Where appropriate, these grants provide recipients with the ability to undertake longer term projects, over more than one financial year.

As required under the *Grants Program*, we continue to seek a co-contribution from applicants towards the total cost of each grant project.

These contributions are based on the Board's assessment of the grant applicant's ability to contribute to the cost of their project.



**69**  
APPLICATIONS



**\$6.4**  
MILLION

*In 2017-18, we received  
69 applications for a  
total of \$6.4 million.*



**24**  
APPLICATIONS  
APPROVED



**\$1.7**  
MILLION  
APPROVED

*24 applications for grants  
were approved for funding  
of \$1.7 million*



*Providing advocates and other potential applicants with greater funding certainty, over multiple years, has been a critical priority*

## Performance 2017-18

### Grants decisions

In 2017-18, we received 69 applications for a total of \$6.4 million.

From these a total of 24 applications for grants were approved for funding of \$1.7 million, which was committed for expenditure in 2017-18 and future years. In 2017-18 annual financial commitments for grants were \$2.1 million (see Figure 1).

The full list of grants approved in 2017-18 is shown in Table 1. While there were fewer grants approved than in the previous year (39) this was partly offset by an increase in the average funding sought by each applicant.

## Trends 2014-15 & 2017-18

### Annual financial commitments

The *Grants Program* annual budget has been maintained at approximately \$2.1 million, since Energy Consumers Australia was established in January 2015 (as shown in Figure 1). The budget is to be increased in line with inflation (as measured by the CPI) in 2018-19 and 2019-20.

Providing advocates and other potential applicants with greater funding certainty, over multiple years, has been a critical priority. This has led to the *Grants Program* having an appropriate proportion of funds each year being committed for work to be undertaken in future years.

Figure 1 Annual financial commitments

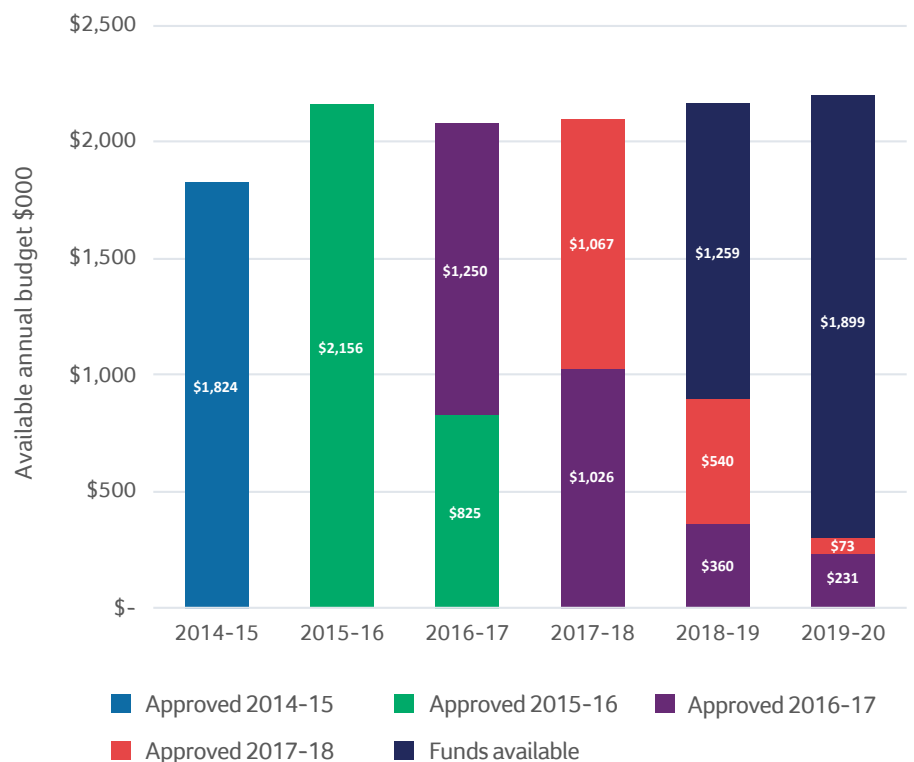


Table 1: Grants approved in 2017–18

	Project	Organisation / Code
Efficient networks	• Monitoring & Assessment of CALD Energy Engagement Guidelines	850 ECCNSW variation
	• The role of distributed energy resources (DER) in facilitating the equitable and efficient decarbonisation	904 TEC
	• CEO Grant: Tasmanian Small Business Council in response to TasNetwork's Regulatory Reset 2019–24, Direction and Priorities Consultation Paper	906 TSBC
	• CEO Grant: Tasmanian Small Business Council in response to TasNetwork's Regulatory Reset 2019–24, Direction and Priorities Consultation Paper	915 TSBC
	• CEO Grant: Plug and Play Phase 2	931 Seed Advisory & ClimateWorks
	• Our Grid: Concepts, Strategies and relationships to engage energy consumers towards the Future Grid	935 RMIT
	• An expanded open source modelling tool for assessing how different network and retail tariffs, and distributed energy options, impact on small energy consumers	944 UNSW
	• Queensland Electricity Networks Distribution Determination Process 2020–2025: Fair Outcomes for low income and vulnerable consumers	946 QCOSS
Affordability	• Energy Consumer Advocacy Project	849 TasCOSS
	• Empowering low-income households through electricity decarbonisation - Phase 2	895 ACOSS
	• The impacts of energy costs on the Australian agriculture sector	910 Australian Farm Institute
	• Working Poor Energy Consumers - Enhancing Support for Vulnerable Customers	936 SACOSS
	• Irrigators - the flow on benefits of regionally embedded generation	942 Queensland Farmers Federation, Institute for Sustainable Futures, Cotton Australia & NSW Irrigators Council
	• Including Energy Efficiency in Minimum Rental Housing Standards in Queensland	947 QCOSS
	• Future proofing your energy bills: toolbox for small business	964 COSBOA
Consumer choice and protections	• Cost effective strategies for small energy consumers	839 ATA variation
	• 2017 Green Electricity Guide	863 TEC variation
	• Implementing a stronger Energy Comparator Code of Conduct ECCC	958 CPRC
	• Managing the transition: safeguarding consumer outcomes during energy market transformation	962 ATA
Empowering advocacy	• CEO Grant: National Consumer Roundtable on Energy	965 SACOSS
Reviews and regulation processes	• CEO Grant: Queensland Competition Authority - Determination on Electricity Prices	932 Cummings Economics
	• CEO Grant: QCOSS Engagement with Queensland Competition Authority on Regulated Retail Electricity Prices	950 QCOSS
Gas markets	• CEO Grant: To respond to the AEMC Review into the scope of economic regulation applied to covered pipelines	902 Major Energy Users
	• Responses to the AEMC review of regulations for covered gas pipelines	922 Major Energy Users





## Grants decisions

At the end of 2017-18, we had approved funding for 144 grants since Energy Consumers Australia was established in January 2015, with total funding approved of \$9.4 million. In addition, additional funding of \$1.9 million (20%) was contributed by the recipients of these grants, for a total project funding for advocacy and research on behalf of residential and small business consumers of \$11.2 million.

The majority of funding (75%) on average over the 4 years was for electricity market projects, after taking into account the funding for “joint” energy market projects that addressed issues in both electricity and gas markets.

The growth in “joint” projects that reflects the strong interrelationships between gas market and electricity market policy in the setting of wholesale market prices, and in

considering electricity security and reliability.

The *Grants Program* has a focus on outcomes for consumers in energy markets at a national level, taking into account the nature of jurisdictional differences.

On average over the 4 years there was a balance between projects that focus on national energy market issues and projects that consider jurisdictional differences in energy markets and the national implications (Table 2).

A majority of funding was for advocacy projects (86%, including CEO Grants) with the remainder of the projects undertaking research to support evidence-based advocacy (Table 3).

On average over the 4 years, the majority of funding was for projects addressing the needs of residential consumers (Table 4). However, there has been strong growth in the funding for small business projects (Figure 2).

Table 2:  
Grants by national or jurisdiction

Sector	Proportion
National	60%
New South Wales	11%
Victoria	9%
Queensland	8%
Tasmania	6%
South Australia	6%
ACT	1%

Table 3:  
Grants by type

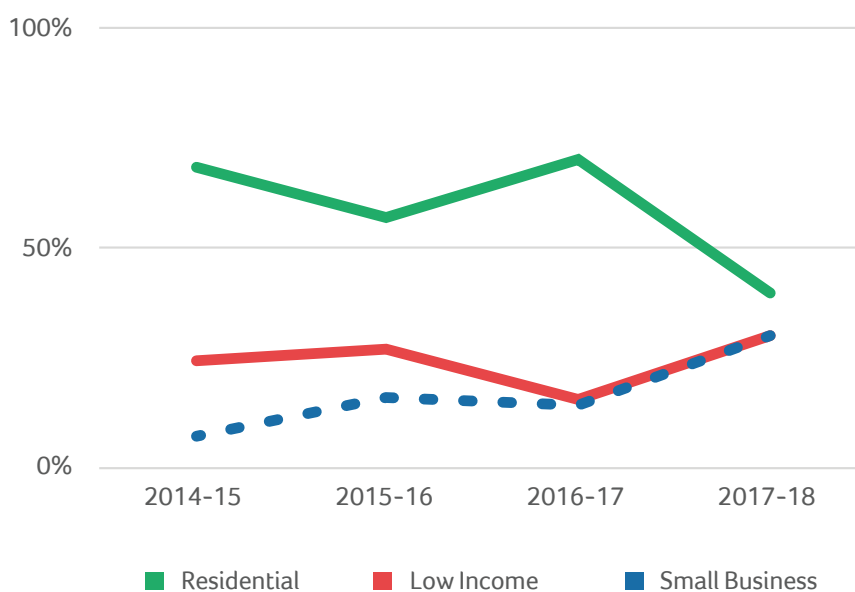
Sector	Proportion
Advocacy	86%
Research	14%
Research & Advocacy	0-1%

Table 4:  
Grants by small consumer sector

Sector	Proportion
Residential consumers	83%
All consumers	59%
Low Income	24%
Small business consumers	17%



Figure 2:  
Trends by small consumer sector



***Our grants program supports high quality and innovative research and advocacy initiatives which support the long-term interests of energy consumers.***



## Key themes

Through the *Grants Program*, advocates and other organisations have been funded to build the evidence base and contribute to informed policy making and review processes. The key themes of the *Grants Program* over the 4 years are shown in Figure 3 (and Table 5).

## Impact of the Grants Program

Our focus in the *Grants Program* is on supporting work that will be influential in bringing about policy change and improving the understanding that

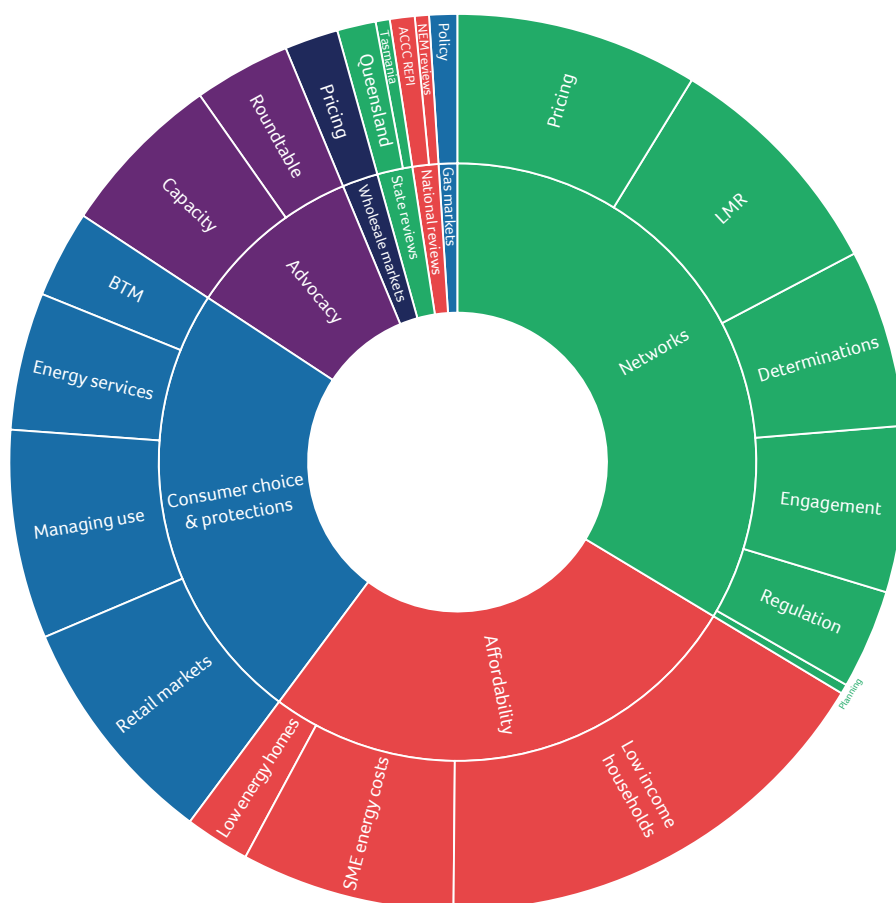
decision makers have about consumer behaviour, especially vulnerable consumers.

Through the *Grants Program* we seek to maximise the effectiveness and impact of the available funding, in improving outcomes for consumers in energy markets.

Overall, grant applications continued to outstrip the annual budget for grants funding. This enabled Energy Consumers Australia to select the best quality projects that were likely to:

be influential in ensuring that consumer perspectives were taken into account in regulatory, policy and decision-making processes;

Figure 3: Key themes





contribute new evidence, to support advocacy on behalf of residential and small business consumers; or

build the ability to empower consumers in their engagement in energy markets, through information and tools.

There are a number of grants that have been exceptional, either in the quality of the outputs, in the effectiveness of outcomes or have been particularly influential in achieving tangible benefits for consumers because of their impact on policy makers, energy company decision makers (see Table 6).

***Through the Grants Program we seek to maximise the effectiveness and impact of the available funding, in improving outcomes for consumers in energy markets.***

Table 5: Grants by theme

Sector	Proportion
Efficient networks	34%
Determinations	6%
Pricing	9%
LMR	9%
Regulation	4%
Engagement	6%
Planning	0-1%
Affordability	27%
Low income households	17%
SME energy costs	8%
Low energy homes	2%
Consumer choice & protections	24%
Managing energy use	8%
New energy services	5%
Retail markets	8%
Behind-the-meter	3%
Empowering advocacy	9%
Capacity	6%
National Consumer Roundtable on Energy	3%
Gas markets	1%
Wholesale market	2%
Reviews & Inquiries	3%

Table 6: Great Grants

	Project	Organisation / Code
Efficient networks	<ul style="list-style-type: none"> <li>• <i>Inconvenient guests – the consumer experience of administrative review for electricity pricing</i> (consumer participation in limited merits review processes)</li> </ul>	752, 800, 801 Public Interest Advocacy Centre
	<ul style="list-style-type: none"> <li>• Analysis of SAPN tariff reforms through its proposed TSS in relation to impacts on small business</li> </ul>	787 Business South Australia
	<ul style="list-style-type: none"> <li>• Networks &amp; batteries: what's best for consumers?</li> </ul>	795 Total Environment Centre
	<ul style="list-style-type: none"> <li>• An evaluation of the role of accelerated depreciation in regulation of electricity and gas networks</li> </ul>	807 Engineroom Infrastructure Consulting
	<ul style="list-style-type: none"> <li>• Electricity pricing and managing heatwaves at home: mitigating health and financial risks for heat-vulnerable household consumers</li> </ul>	813 RMIT
	<ul style="list-style-type: none"> <li>• Tariff Assessment Tool</li> </ul>	814 UNSW
	<ul style="list-style-type: none"> <li>• Planning future grids together: improving engagement between network planners and local government</li> </ul>	815 Northern Alliance for Greenhouse Action
	<ul style="list-style-type: none"> <li>• Living Deliberate Negotiate Agree (DNA)</li> </ul>	853 Uniting Communities




Affordability	<ul style="list-style-type: none"> <li>• <i>Households in the Dark</i>: Mapping electricity disconnections in the NEM</li> </ul>	712 St Vincent de Paul Society
	<ul style="list-style-type: none"> <li>• Interaction between energy supply and residential rental housing arrangements</li> </ul>	791 QCROSS
	<ul style="list-style-type: none"> <li>• The impact of energy costs on the Australian agriculture sector</li> </ul>	910 Australian Farm Institute
	<ul style="list-style-type: none"> <li>• Research and Advocacy materials on the feasibility of rural electricity users in Queensland going off-grid and irrigators in particular</li> </ul>	832 Bundaberg Regional Irrigators Group
	<ul style="list-style-type: none"> <li>• The lived experience of Tasmanian consumers – energy consumer advocacy project</li> </ul>	849 TasCOSS
	<ul style="list-style-type: none"> <li>• Evaluating energy management options in community housing multi-unit dwellings to reduce energy costs for community housing tenants</li> </ul>	876 Q Shelter
	<ul style="list-style-type: none"> <li>• <i>Voices for Power</i> – a multicultural movement advocating for low income and migrant energy consumer needs</li> </ul>	865 Sydney Alliance
Consumer choice and protections	<ul style="list-style-type: none"> <li>• <i>Power Transformed</i>: Understanding consumer decision making in the complex and transforming energy market</li> </ul>	758 CALC
	<ul style="list-style-type: none"> <li>• <i>Smart home control</i>: exploring the potential for enabling technologies in vulnerable and disadvantaged households</li> </ul>	788, RMIT Centre for Urban Research
	<ul style="list-style-type: none"> <li>• Understanding the changing needs of residential energy consumers in the information age and the implications for tariff reform</li> </ul>	821 CitySmart
	<ul style="list-style-type: none"> <li>• <i>Use your power</i> – optimising the financial outcomes for consumers with solar systems</li> </ul>	883 Moreland Energy Foundation Ltd
	<ul style="list-style-type: none"> <li>• Retail Tariff Tracker project</li> </ul>	898 St Vincent de Paul Society
	<ul style="list-style-type: none"> <li>• Empowering irrigation consumers to improve their long-term electricity purchase arrangements</li> </ul>	892 National Irrigators Council
	<ul style="list-style-type: none"> <li>• Future proofing small business energy bills</li> </ul>	964 COSBOA
Reviews and regulation processes	<ul style="list-style-type: none"> <li>• Response to Queensland Competition Authority Scoping Paper</li> </ul>	862 QCROSS
	<ul style="list-style-type: none"> <li>• Tasmanian Small Business Advocacy to ACCC Inquiry into Retail Electricity Prices</li> </ul>	894 Tasmanian Small Business Council
Wholesale markets	<ul style="list-style-type: none"> <li>• Study of the Tasmanian wholesale market and its impact on small business</li> </ul>	873 Tasmanian Small Business Council
Gas markets	<ul style="list-style-type: none"> <li>• CEO Grant: Response to the AEMC's gas pipeline review</li> </ul>	902 Major Energy Users



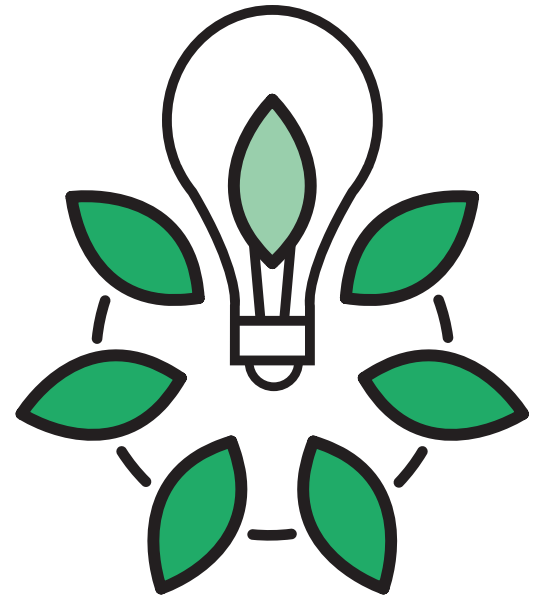
## GOVERNANCE

- Living our values



Good governance is essential to the success of our entire organisation.

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



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

### Our role

Our 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.”

### Our vision & values

#### Our purpose

*(why we do what we do)*

To enable the voices of consumers to be heard so their interests are reflected in energy market outcomes.

#### Our vision

*(where we want to end up)*

Our vision is for future focused consumer driven energy markets meeting residential and small business consumers' needs.

#### Our mission

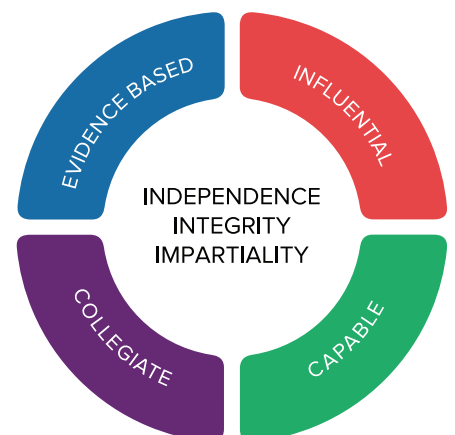
*(what we do)*


We promote the long-term interests of consumers with respect to price, quality, safety, reliability and security of supply of energy services.

#### Our values

*(how we do it)*

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 future work will be about empowering consumers through energy services that are affordable, individualised and optimised***

### Strategic priorities & activities

Our Board identified five Strategic Priorities for Energy Markets in 2016-17 and continued to use these priorities to guide and evaluate progress in the 2017-18 year. The priorities were 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.

Towards the end of 2017-18 we updated this framework, developing a tighter synthesis of our agenda reflecting what we've learned in our first three years about the long-term interests of consumers in a transforming market.

**Our future work will be about empowering consumers through energy services that are affordable, individualised and optimised:**

#### 1. Affordable

Affordability must be a constraint on all our investments and decisions about energy – an explicit criterion in our decision-making up and down the supply chain.

#### 2. Individualised

Energy services must be built around individuals to reflect their unique circumstance; enabling people to manage their own use and costs.

#### 3. Optimised

Existing and future investment in the power system – networks, generation and retail – must be optimised based on consumers demands that not one more dollar than necessary is spent than required, and new investments are not made one day earlier than necessary. Key to optimising our energy system is providing genuine choice and control to households and small businesses, rewarding their flexibility and embracing them as partners for change.

**These Strategic Priorities will be updated in the 2018-19 year as part of our business planning.**



## Activities

Our constitution sets out specific activities we undertake and in performing these activities, we have regard to any relevant objectives set out in the National Energy Laws.

- 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.

Each of the National Energy laws include 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.

## Organisation Chart





## Our Board

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 our strategic direction.

### Louise Sylvan, AM, FAICD

#### ***Chair and Director, Energy Consumers Australia***

Louise Sylvan is Adjunct Professor, School of Public Health, School of Medicine, University of Sydney.

She is a Fellow of the Australian Institute of Company Directors, Deputy Chair of the Australian Advisory Board on Impact Investing, and a Non-Executive Director of Impact Investing Australia, the Social Enterprise Fund Australia, the Australian Risk Policy Institute and Member of the Advisory Panel of the Australian Privacy Foundation.

Formerly Chief Executive Officer of the Australian National Preventive Health Agency, Louise was also a Commissioner of the Productivity Commission and Deputy Chair of the Australian Competition and Consumer Commission where she was appointed for her expertise in consumer affairs.

### Catherine Cooper

#### ***Director, Energy Consumers Australia and Chair, Board Risk and Audit Committee***

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 Eggs, Beston Global Foods Company, GPEx – Medical Education and Training and is also a 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 Chair, Environmental Protection Authority. She is also a commissioner with the Australian Fisheries Management Commission.

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### **Steven Graham**

#### ***Director, Energy Consumers Australia***

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**

#### ***Director, Energy Consumers Australia***

Virginia Hickey 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 Competition Councillor, a National Transport Commissioner, 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, SportsMed SA, the Independent Chair of Fertility SA, the chair of the Audit and Risk Management Committee of Public Trustee, South Australia and a member of the Governance Committee of Anglicare SA.

### **Clare Petre**

#### ***Director, Energy Consumers Australia and Chair, Board Reference Committee***

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. Clare 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 a Board member of City West Housing and the Asylum Seekers Centre, Chair Code of Conduct Committee, Australian Council for International Development, Chair Consumer Advocacy Trust, Commissioner Greyhound Welfare & Integrity Commission, Customer Advocate NAB.





### Our Reference Committee

Working with other consumer advocates and organisations, and providing information and resources to support their research, advocacy and outreach, is core to our mission. Our Reference Committee underpins our close engagement with other advocates in the sector.

Our second Reference Committee was appointed in July 2017 for a term of two years. It continues to provide a strong advocacy network representing the diverse communities of consumers and small businesses across Australia. We acknowledge the valuable work of members of the Reference Committee in the past year and thank them for their contribution.

The Reference Committee met three times in 2017-18, providing input and advice on a range of important matters, notably the Australian Energy Market Commission's Strategic Priorities Paper, the Australian Competition and Consumer Commission's Inquiry into Electricity Supply and Prices, the Australian Energy Regulator's paper on network profitability and our own discussion paper on consumer protection frameworks. Members also presented on important work conducted in their own jurisdictions.

### 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. Gerard 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.

### Jo De Silva (SA)

Jo De Silva is a member of the leadership team at the South Australian Council of Social Service and directs the organisation's energy, water and climate program. Jo De Silva was an inaugural Member of the Consumer Challenge Panel and has continued on the Panel in its second iteration.

### Gavin Dufty (VIC)

Gavin Dufty is currently employed as the manager of policy and research at St Vincent de Paul Society, Victoria. Gavin Dufty has worked as a consumer representative in the energy sector for over 28 years undertaking research and policy evaluation on its impacts on domestic consumers.

**Robin Eckermann (ACT)**

Robin Eckermann is widely known for leading the creation of TransACT and serving as its Chief Architect during TransACT's \$250m advanced broadband rollout in Canberra (2000-2003). He has extensive experience in advanced network initiatives and served on two reviews of regional telecommunications. Robin Eckermann is an Adjunct Professor at the University of Canberra, a Fellow of Engineers Australia and in 2016 was inducted to the Pearcey Hall of Fame for lifetime contributions to the telecommunications industry.

**Fiona Hawthorne (QLD)**

Fiona Hawthorne currently works in the Essential Services Team at the Queensland Council of Social Services, and is involved in energy policy development, designing and delivering energy and water literacy programs, and community engagement.

**Dale Holliss (QLD)**

Dale Holliss is the manager of Bundaberg CANEGROWERS Ltd, Company Secretary for the Bundaberg Regional Irrigators Group and is a Director on the National Irrigators Council where he is the Energy Committee Chair.

**Robert Mallett (TAS)**

Robert Mallett is currently the CEO of the Tasmanian Small Business Council (Tasmania's peak small business advocacy body) and also holds the position of CEO of Hair & Beauty Tasmania (Tasmania's state-wide industry association specifically supporting the hair & beauty sector).

**Craig Memery (NSW)**

Craig Memery is the Policy Team Leader for energy advocacy at the Public Interest Advocacy Centre. Craig Memery has accumulated significant expertise in energy consumer advocacy through his previous roles at the Alternative Technology Association and Energy Consumers Australia.

**Ash Salardini (NSW)**

Ash Salardini is the Chief Economist at the New South Wales Farmer's Association. Ash has a keen interest in energy related matters from a consumer and small business perspective, given the energy intensive nature of agriculture, and given that farmers are largely small businesses.

**Cynthia Townley (TAS)**

*(until May 2018)*

Cynthia Townley is the Policy Analyst and Advocate for essential services, including energy, at the Tasmanian Council of Social Services. Cynthia Townley has previously worked in housing and homelessness policy for Shelter Tasmania, and has a background in philosophy.





### Continued improvement in governance

A number of activities were progressed that built on earlier foundational work, to ensure that we are well placed to effectively carry out our role:

- We participated in the Review of Energy Consumers Australia, as required under our Constitution, undertaken by an external consultant appointed the COAG Energy Council. The Review is being conducted in two stages, the first stage focussing on our organisation's operational performance was completed in FY 2017-18. The Second stage will be undertaken in FY 2018-19.
- We engaged with the COAG Energy Council Secretariat on Board Director appointment arrangements for Energy Consumers Australia, in line with their Appointments Protocol for Energy Market Governance Institutions and Panels.
- The Reference Committee Terms of reference and arrangements were updated, and Committee Members were appointed in 2017.
- We reviewed our finance and operational processes to identify improvement opportunities reflecting our organisational maturity. We implemented processes and actions to reduce key person risk in the Finance area and to streamline processes.
- The 2018-19 Business Plan was developed in the first quarter of 2017-18.
- Board approved corporate policies and related procedures were rolled out. Staff were trained in the policies and procedures.
- A business continuity Plan was developed and was approved by the Board.





*Lynne Gallagher*  
*Director of Research*



*David Havyatt*  
*Senior Economist*



*Sabiene Heindl*  
*Director of Strategic Engagement*



*Chris Alexander*  
*Director of Advocacy and Communications*



## Summary of financial performance for 2017/18

Year Ending 30 June	2018	2017
<b>Statement of Comprehensive Income</b>		
Income	\$9,568,672	\$6,794,682
Expenses		
Grants Payments	\$2,393,572	\$1,700,716
Projects	\$1,693,282	\$1,650,703
Administration	\$3,636,056	\$3,164,211
Income Tax Expense	\$433,353	\$0
<b>Net Surplus/(Deficit)</b>	<b>\$1,412,409</b>	<b>\$279,052</b>
<b>Statement of Financial Position</b>		
Current Assets	\$5,159,148	\$4,301,234
Non-Current Assets	\$86,464	\$140,059
Current Liabilities	\$1,497,647	\$2,231,706
Non-Current Liabilities	\$506,713	\$380,744
<b>Equity and Reserves</b>	<b>\$3,241,252</b>	<b>\$1,828,843</b>
<b>Statement of Cash Flow</b>		
Cash Outflow	(\$9,277,979)	(\$9,022,728)
Cash Outflows from Financing Activities	(\$2,783,978)	(\$1,595,328)
Cash Inflow	\$10,137,536	\$9,058,416
Cash Inflows from Financing Activities	\$3,250,691	\$0
Cash at Beginning	\$2,273,047	\$3,832,687
<b>Cash at End</b>	<b>\$3,599,317</b>	<b>\$2,273,047</b>

### Notes:

1. Summary version only of ECA accounts. Full financial statements 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 it must pay income tax on any surplus that it may earn
4. Cash inflows from financing activities have been shown separately in 2018. This is shown as part of net cash outflows from financing activities in 2017.







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