



Review of Energy Consumers Australia

Final Report – Effectiveness of Roles and Functions

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Executive Summary

This Review of Energy Consumers Australia (ECA) was commissioned for the Council of Australian Governments Energy Council (COAG EC), as set out in the ECA Constitution. The Constitution states that the first independent review of the ECA will be conducted after the first three years of its operation, to assess the effectiveness of the ECA in performing against its intended purpose. The review is also to report any areas for potential improvement.¹

In line with the Terms of Reference, the review has three focal areas:

- The effectiveness of the ECA in undertaking its roles and functions as the national energy consumer advocacy body.
- The performance of the ECA against stakeholder expectations.
- The effectiveness of grant allocation functions in delivering tangible benefits for energy consumers.

The scope of the review is limited to desktop research and stakeholder consultation, and this report reflects findings synthesised from these activities.

Assessment of ECA's key areas of activity

The ECA Constitution sets out a number of areas of activity. Each of these has been explored through this review, and findings are summarised below. A number of specific recommended actions have also been identified for each area, to assist ECA in demonstrating its value and improving its transparency. Recommendations are likely to have budgetary implications for ECA, however, this was not taken into consideration during the review process.

An overall effectiveness rating (Poor, Adequate, Good, Very Good, and Excellent) has also been provided, to assess each area of activity.

Merit	Explanation
Excellent	Performance was clearly very strong in relation to the overarching question of the evaluation domain. No significant gaps or weaknesses were identified, and less significant gaps and weaknesses were managed exceptionally.
Very Good	Performance was generally strong in relation to the overarching question of the evaluation domain. No significant gaps or weaknesses were identified, and less significant gaps and weaknesses were mostly managed effectively.
Good	Performance was generally strong in some areas in relation to the overarching question of the evaluation domain. Some gaps or weaknesses were evident.
Adequate	Performance demonstrated some weaknesses in relation to the overarching question of the evaluation domain, however minimum expectations / requirements were met.

¹ REVIEW OF ENERGY CONSUMERS AUSTRALIA (ECA) Terms of Reference. Retrieved from <http://www.coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/ECA%20Review%20Terms%20of%20Reference.pdf>

Merit	Explanation
Poor	Performance was weak in relation to the overarching question of the evaluation domain. Did not meet minimum expectations / requirements.

Market Involvement – Active involvement in matters of strategic importance or material consequence

- The breadth and speed of regulatory and policy reform in this sector is substantially more than envisaged by stakeholders at the commencement of the ECA. However, given sector demand and resource constraints, evidence suggests ECA is actively involved in issues raised by market bodies and regulators, on the whole to a reasonable and appropriate level.
- The breadth of issues being considered in the industry has increased dramatically over the last few years and the level of political intervention has been unprecedented. ECA is constantly learning and adapting its activities to have an active presence in key energy policy initiatives. However, some of ECA's initiatives are overtaken by events and are not driven to their full completion.
- Input from stakeholders and an analysis of the range of projects undertaken by ECA indicate that it balances being proactive and reactive, and is actively engaged in all key policy processes and regulatory activities in which stakeholders would expect ECA to participate. ECA provides effective submissions and participates in all the major reforms.
- There is a diverse range of issues being considered across the various parts across the wholesale, network, and retail areas of the energy supply chain. Input from stakeholders and a range of ECA publications indicate that it focuses on retail and network issues rather than wholesale issues, due to the perceived impact on consumers.
- Consistent feedback from across stakeholder groups was that more visibility of ECA's prioritisation approach is required.
- Overall the extent of involvement varies across projects and the ECA appears to effectively assess how best to allocate its resources across the various policy reforms.

Overall rating: **Very good – Good**

Areas for improvement:

Recommendation 1)

To increase transparency of its prioritisation processes the ECA should:

- a) Regularly review its actual and expected involvement across energy sectors and all aspects of the energy supply chain; and
- b) Improve the detail made publicly available about its strategic priorities. This should include information about its methodology for prioritising its key areas of activity. This could be released annually as part of its Business Plan.

Priority: Medium.

Market Influence – Effective influence of regulatory activities and energy market reform to benefit consumers

- ECA operates in a complex environment which features a variety of stakeholders with conflicting views on what constitutes 'influential' impact.
- ECA's staff and products are generally well regarded by stakeholders, and there are many instances where its output and advice have been positively received.
- The frequency of references to ECA's staff, outputs, statements, and as an organisation in general within the media and public discussion demonstrates influence within the energy market at a high level.

- Stakeholders engaged in market reform and regulation consider ECA to have added value to reform considerations and to have been influential, citing examples where they felt this was strong. However, the review found that there were few concrete examples where the ECA are effectively driving and delivering solutions for consumers. For example, it has yet to submit a suggested rule change to the Australian Energy Market Commission (AEMC), and does not appear to be lobbying Governments and businesses to drive change. Generally the ECA is viewed more as a supporting voice by other policy makers and by industry than as a driver of change in the reform space.
- Government stakeholders frequently expressed a view that ECA could benefit from stronger relationships at the operational level, enabling collaboration on key policy issues to further the interests of consumers.
- ECA is in a difficult position in trying to make a positive contribution to all the current diverse reform initiatives across the sectors and to deliver material change for consumers. ECA is finding it difficult to strike the optimal balance among the variety of different stakeholders, given current resources.

Overall rating: **Good - Adequate**

Areas for improvement:

Recommendation 2)

ECA should prioritise putting forward suggested rule changes to further the interests of consumers, through:

- a) Evidence from consumers (Energy Consumer Sentiment Survey (ECSS)), consumer advocates and technical experts being leveraged to identify those areas likely to be of greatest strategic benefit to consumers; and
- b) Reporting of how potential issues have been prioritised.

Priority: Low

Recommendation 3)

ECA should invest in improvements to its working relationship with government at all levels, to foster understanding of consumer concerns and to advocate for policy and regulatory arrangements in the interests of consumers. To do this ECA should engage operational levels of federal and state government departments through establishing a roundtable between ECA staff and Executive Level Government Officers. The roundtable should meet annually, and focus on sharing energy sector insights and jurisdictional issues.

Priority: Medium

Consumer Engagement – Effective engagement of consumers and consumer advocates

- ECA relies heavily on its Reference Committee, comprised of representatives from consumer advocacy groups, to understand energy consumer issues. ECA has not prioritised its visibility to consumers themselves. There is also no clear avenue for consumers to engage with ECA directly.
- However, ECA engages energy consumers through a regular survey as well as other market participants, in order to incorporate a balance of views in its activities and outputs.
- ECA actively engages with consumer advocates through regular reference committee meetings and consultation on consumer issues.
- Consumer advocates reported mixed views on the effectiveness of ECA's engagement with them. While ECA draws on consumer advocacy groups in undertaking its activities, some advocates felt they got little benefit from participating.

- While ECA’s outputs are generally clear and easy to read in comparison to documents of a similar nature from other organisations, to be more accessible to consumers, ECA should aim to use simple language for work of a technical nature.
- On the whole, ECA’s focus has tended to be directed toward engaging with industry and advocates rather than with consumers directly. Its 2018 Community Listening initiative was a positive step to engage more with consumers.

Overall rating: **Good – Adequate**

Areas for improvement:

Recommendation 4)

ECA should introduce a stronger focus on communication to assist individual consumers in their energy market decision making. To do this ECA should:

- a) Leverage evidence from consumers (ECSS), consumer advocates and technical experts to identify those areas likely to be of greatest material benefit to consumers;
- b) Use this information to include a consumer focused component on its website, giving clear, actionable advice on key issues; and
- c) Introduce a direct communication avenue to the ECA through its website, which will enable it to understand consumer expectations and the extent to which it is successfully addressing these.

Priority: High

Building Capacity and Expertise – Building capacity and National Energy Market (NEM) expertise in advocacy organisations, to advance the interests of consumers

- ECA undertakes a range of activities to build the capacity of advocacy organisations, including through funding and sharing a range of research and other projects, regular stakeholder forums and through its grants program.
- However, the extent to which these directly contribute to advancing the interests of consumers is difficult to gauge.
- While ECA representatives indicated that they had observed an increase in expertise and capacity in advocacy organisations, ECA has not measured its impact in this area.
- The perception of the extent to which ECA has built capacity and expertise within jurisdictions varies among stakeholders.
- ECA’s approach of providing project-based funding creates budgeting and resourcing issues for consumer organisations, making it hard for it to build and retain capacity within these organisations.

Overall rating: **Adequate**

Areas for improvement:

Recommendation 5)

The ECA should introduce a more rigorous and transparent performance reporting framework, by publishing performance measurement of capacity building activities outlined in its constitution (research, knowledge development and consultation) as part of its annual report, and act on any areas of improvement identified.

Priority: Medium

Recommendation 6)

The ECA should engage consumer advocates annually for feedback on how effectively the ECA is currently building jurisdictional expertise, and incorporate findings into the annual report.

Priority: Medium

The Grants Function – Effectiveness of the grants function in delivering tangible outcomes for consumers

- The grants function is a subject of deep contention among potential recipients, in particular, regarding the ECA Board's decision to award project based funding rather than funding for ongoing advocacy activities.
- Advocacy groups argued that the complexity of the NEM, combined with frequent requests from market bodies that they participate in regulatory and reform issues, including the need to participate in complex network determination processes, mean that they require a reliable stream of funding to support these endeavours and maintain their knowledge of the sector.
- Over time, the ECA has introduced measures to drive accountability and performance from grants, which some grant recipients have found challenging.
- The issue of the quantum of funding was widely raised by stakeholders, noting that there are three times more grant applicants than there are grants allocated in any round. Stakeholders also indicated that there is a lack of transparency of ECA's grants administration process.
- While ECA has not conducted analysis to assess the adequacy of grant funding, senior management rejected the suggestion that the available funding be increased, citing the cost to consumers of further increasing funding levies.
- The role of the ECA as both a funder and peer has also caused conflict for the ECA, and was a common concern raised by advocacy bodies. While the ECA was able to demonstrate internal controls that manage the risk that stakeholder engagement activities would influence grant funding decisions, these arrangements are not widely visible and concerns around transparency were voiced.
- Stakeholders without a direct interest in how grant funding is allocated were positive about the types of projects funded by the grants, and complimentary regarding the standard of outputs.
- Despite tensions, the overall view from stakeholders is that ECA is currently the most appropriate organisation to undertake the grants function.
- ECA does not undertake evaluative activities to assess the impact for consumers of its grants program, and whether each grant delivers its expected tangible outcome.

Overall rating: **Good – Adequate**

Areas for improvement:

Recommendation 7)

The ECA should improve transparency of its grants program, through:

- a) Improved information for grant applicants, including through providing detail about priority areas for grants funding, as well as information about its methodology for selecting applications for funding.
- b) Introducing detailed reporting of grant funding allocations across activities, including reporting by energy sector (electricity/gas), supply chain segment (eg wholesale, network, retail), and jurisdiction. This reporting should be included in the ECA Annual Report.
- c) Engaging external probity advisors to provide assurance that its role as both a peer and a funding organisation for other advocacy groups does not introduce probity risks.
- d) Introducing regular impact evaluation of the extent to which the grants program is achieving tangible benefits for consumers. This should be underpinned by best practice monitoring and reporting requirements for each individual grant project. Visibility of grant performance will enable the ECA to adjust its grant prioritisation process and assess adequacy of funding over time.

Priority: Medium

Recommendation 8)

To help resolve the issue of resourcing for consumer participation in revenue determinations, the ECA should:

- a) Conduct analysis into how best it can contribute to revenue determinations;
- b) Communicate this to key stakeholders to manage expectations; and
- c) Use this analysis to seek further resources through COAG EC, as necessary.

Priority: Medium

Research Effectiveness – Effective and influential research activities

- ECA undertakes a range of research activities in-house and through external consultants.
- Stakeholders to whom these research products are targeted, in particular market bodies, were highly complementary as to the standard of research ECA produces. There is a strong focus within the ECA of providing credible evidence to inform policy makers.
- Other stakeholders felt ECA could do more to disseminate findings and actively promulgate evidence in consumers’ best interests.
- There is mixed evidence on the materiality and impact of ECA research to deliver better outcomes for consumers.

Overall rating: **Good**

Areas for improvement:

Recommendation 9)

The ECA should disseminate research findings, as they are produced, through a distribution list or weekly email feed, available to subscribing stakeholders.

Priority: Low

Stakeholder Expectations – Performance against stakeholder expectations

- ECA operates in a complex environment with conflicting stakeholder views.
- Government stakeholders stated that ECA should increase informal reporting, such as to the South Australian Minister for Energy, who may be called upon to account for its performance.
- While stakeholders agree that ECA is effective in undertaking the activities outlined in its constitution, many stakeholder groups argue for more to be done with respect to the activity areas of most interest to them.
- On balance, these varying stakeholder expectations are managed effectively by ECA.

Overall rating:

Stakeholder Groups	Rating	Commentary
Market Bodies and Regulators	Excellent	Market Bodies and Regulators consistently stated, with evidence, that ECA effectively contributes to regulatory processes and produces informative outputs.
Government	Adequate	Commonwealth and State Government representatives felt that ECA had not sufficiently provided input into policy processes or engaged with operational levels of Government.
Consumer Advocates	Good – Adequate	While some consumer advocates were highly complementary of ECA’s performance, others

Stakeholder Groups	Rating	Commentary
		expressed frustration over ECA's decision to cease ongoing advocacy funding, and the concern that ECA is seen as a peak. These same groups also emphasised the need for greater internal transparency of functions.
Grant Recipients	Very Good	Survey results indicated that most grant recipients were satisfied with the grant distribution process, and to a lesser extent, the grant application process.

Effectiveness of ECA's areas of operation - Operational performance

- A review of the functions of the ECA's board, organisational structure and operations indicates that these are at a sufficient standard to undertake the roles outlined in its constitution.
- The constitution itself is complex and overly prescriptive. There is evidence that the ECA operates effectively, despite the prescriptive nature of its constitution.
- ECA is thinly resourced across its areas of activity, where it operates in a complex stakeholder environment with demands constantly arising from conflicting interests and expectations.
- ECA's organisational structure is fit for purpose, it has formal, agreed processes for prioritising key activities, and a coherent methodology for determining to which regulatory and advocacy issues it responds.
- Evidence suggests ECA staff have appropriate skills and abilities to undertake core functions of the Company.
- The composition of the Board is currently under consideration. While regularly refreshing the Board is good practice, a high degree of turnover in a short period of time could be detrimental to the operation of the Company.

Overall rating: **Very Good**.

Areas for improvement:

Recommendation 10)

There are opportunities to improve ECA's performance reporting and to demonstrate its achievement of strategic initiatives. ECA should prioritise its efforts to develop more meaningful KPIs and supporting performance narrative.

Priority: Low

Recommendation 11)

There is a risk to the ongoing operations of the ECA if the Board is subject to high turnover in a short period of time. Consideration should be given to introducing a principles based approach to Board tenure, where Board members are able to be appointed or replaced on an ad hoc basis.

Priority: High

In summary

Overall, despite the obstacles faced by the ECA within the NEM, the ECA is effective in undertaking its required activities and operations, and has matured since inception. The ECA occupies a difficult position in the energy sector, with a complex interrelationship with other consumer advocacy organisations. By increasing its transparency, and investing in measuring its impact across its capacity building and grants activities, ECA could better demonstrate its contribution to consumer interests in the NEM, and avoid a degree of criticism from stakeholders. Additionally, while ECA must continue to be responsive to the competing demands of the NEM, over time it should work to drive issues in the best interest of consumers and set the policy agenda on behalf of consumers.

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Glossary

Acronym	Definition
ACCC	Australian Competition and Consumer Commission
AEC	Australian Energy Council
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ANAO	Australian National Audit Office
CAP	Consumer Advocacy Panel
COAG EC	Council of Australian Governments Energy Council
ECA	Energy Consumers Australia
ECSS	Energy Consumer Sentiment Survey
ESB	Energy Security Board
ISP	Integrated System Plan
NEG	National Energy Guarantee
NEM	National Energy Market

Introduction

Background

Energy Consumers Australia (ECA) was established by the Council of Australian Governments (COAG) Energy Council in 2015 as an advocate for consumers and small business. ECA has core functions in research, consumer advocacy and grant funding activities. Its role is to act as a strong, credible and effective energy advocate through promoting efficient pricing and consumer invested outcomes, administering grant funding, and facilitating effective policy discussion and debates within the market place. ECA is funded through an industry levy collected by AEMO, on the same basis as the funding for the Consumer Advocacy Panel (CAP).

ECA aims to be the national voice for residential and small business energy consumers. Its aim is to promote the long-term interests of energy consumers with respect to price, quality, reliability, safety and security of supply. Related to this objective, ECA has also been tasked with understanding differences in energy markets across jurisdictions and building the knowledge and capacity of advocates through evidence and research.

Consumers and small business interests have historically been under-represented in policy development and there is a general recognition that consumers experiencing difficulties in understanding electricity and gas services are unable to make informed purchasing decisions.

The COAG Energy Council considered the establishment of a national energy consumer advocacy body as an important step towards increasing consumer advocacy on national energy market matters of strategic importance and material consequence for energy consumers, in particular, households and small business consumers.

Context of this review

ECA's constitution directs that an independent review will be conducted after the first three years of the Company's operations, with subsequent reviews every five years or at the discretion of the Energy Council (section 11.1 (i)). The Terms of Reference for the review specify that it will be conducted in two stages, this report consolidates the findings of both stages:

Stage 1

The first stage of the review focussed on the effectiveness of the governance arrangements, organisational structure, and operational performance of ECA.

Stage 2

The second stage assessed the effectiveness of ECA in undertaking its activities, performing against stakeholder expectations, and grant allocation functions. This stage of the review addressed ECA's activities including:

- Participating in National Energy Market (NEM) issues and influencing regulatory activities and energy market reform to benefit consumers;
- Engaging and communicating with consumers and consumer advocates regarding NEM policies, reforms and issues;
- Building national and jurisdictional expertise and capacity through research, knowledge development and consultation to advance the interests of Australian energy consumers, in particular residential and small business energy consumers;
- Undertaking robust research to build knowledge, engage and influence policy development and educate consumers in the energy markets;

- Other activities outlined in article 4.2 of ECA's Constitution;
- The performance of ECA against stakeholder expectations;
- The effectiveness of grant allocation functions in delivering tangible benefits for energy consumers.

Approach

Stage 1 of the review of ECA focused on three operational areas. Each has been analysed through the following review activities:

1. Governance Arrangements:

- Assessing the existing skills matrix and analysing current board membership to provide advice to inform the upcoming appointment process.
- Assessing structure within the board of directors, including the minimum required tenure lengths and rotations of board members and whether length of tenure for board members is sufficient for effective governance and in line with ECA’s constitution.
- Evaluating the remunerations of the board members, ensuring it is in line with constitutional agreements.

2. Organisational structure:

- Assessing functional capacity and capability of directorates within ECA.
- Assessing whether proper hierarchy of functions are in place.
- Ensuring proper channels of communication are in place and followed for all decision making made by the Member, Chief Executive Officer (CEO) and Board.
- Assessing whether objectives and implementation planning (from key establishment documents) was clearly articulated and consistently addressed.

3. Operational Performance

- Reviewing priority arrangement of strategic functions and development of key projects.
- Demonstrating effectiveness in the implementation of strategic initiatives.
- Assessing stakeholder engagement.
- Assessing key risks and mitigation strategies.

Stage 2 of the review of ECA focused on the three areas of activity: Research, Advocacy, and Grants Administration. These areas have been analysed through analysis of data from a wide range of sources. These include:

- Internal and publicly available policies, procedures, establishment and governance documents.
- Data from stakeholder consultations.
- Survey data from grant applicants.
- Written submissions.
- Media scans.

Methodology

Strength of evidence

The review has applied the following guide in assessing the strength of evidence in determining the findings for each area of the review:

- **Sufficient evidence:** where the evidence is sufficient to draw a largely unqualified conclusion regarding the evaluation question because either there is a single source of quality data or multiple sources of data have no major quality issues and that consistently point to the conclusion reached;
- **Some evidence:** where the evidence suggests the observation is but there are data limitations, such that the finding is qualified and further and/or different data (which may have been unavailable to this evaluation) would need to be sourced to be more confident in the conclusion reached;
- **Weak evidence:** where the evidence is indicative of a finding but there are major shortcomings in the data such that limited confidence can be placed on the conclusion; and
- **No evidence:** where no data exists upon which to make any finding.

On balance there was **some evidence** to support each finding, however given the tight scope constraints, our findings are qualified. Detailed primary research would be required to fully evidence the impact of the ECA’s activities, which was beyond the scope of this review.

Merit Determination

A merit determination has been developed to provide a standard assessment framework on which to evaluate the performance of each domain. Table 1 provides the assessment framework used.

Table 1: Merit determination

Merit	Explanation
Excellent	Performance was clearly very strong in relation to the overarching question of the evaluation domain. No significant gaps or weaknesses were identified, and less significant gaps and weaknesses were managed exceptionally.
Very Good	Performance was generally strong in relation to the overarching question of the evaluation domain. No significant gaps or weaknesses were identified, and less significant gaps and weaknesses were mostly managed effectively.
Good	Performance was generally strong in some areas in relation to the overarching question of the evaluation domain. Some gaps or weaknesses were evident.
Adequate	Performance demonstrated some weaknesses in relation to the overarching question of the evaluation domain, however minimum expectations / requirements were met.
Poor	Performance was weak in relation to the overarching question of the evaluation domain. Did not meet minimum expectations / requirements.

Prioritisation of Recommendations

Recommendations throughout the report have been identified as high, medium, or low priority based on the methodology outlined below in Table 2.

Table 2: Priority of recommendations

Priority	Characteristics
High	Requires immediate attention to bring the organisation in line with its constitution, and/or issues impede its ability to operate effectively, and/or significant potential organisational benefit would flow from the change.
Medium	Recommendation brings considerable potential benefits and/or management of risk.
Low	Should be addressed when resources permit. Beneficial, but not urgent.

Recommendations are likely to have budgetary implications for ECA, however, this was not taken into consideration during the review process.

Observations and Findings

Market Involvement

This review area aimed to answer the overarching question: *How actively has ECA participated in matters of strategic importance or material consequence for consumers?*

Evidence was reviewed for:

- Significant involvement in major policy reform processes.
- ECA ensuring consumer views are accurately represented in policy and regulatory activities.
- ECA contributing to the solutions being developed to ensure that they are in consumer interests and can benefit consumers.
- ECA putting forward its own initiatives which will deliver benefits to consumers.

Observations

To measure the extent of ECA’s involvement in matters of importance for consumers, the review explored stakeholder perspectives of the breadth and quality of ECA’s participation in the National Energy Market (NEM) issues. An assessment of the projects initiated by ECA through information presented on its website was used to gauge ECA’s prioritisation of proactive and reactive matters. Stakeholders were also invited to comment on the extent to which the ECA pursues initiatives of its own.

The review indicates that there is considerable demand and ECA has only limited resources at its disposal. To effectively participate in the market, ECA must balance being proactive and reactive when selecting focus issues. As part of the review, information presented on ECA’s website was used to gauge the balance of proactive and reactive work undertaken by the ECA. Of the 96 projects published, 14 were initiated by ECA and 82 were in response to matters initiated by other bodies (Table 3). This indicates that ECA dedicates a greater amount of its research resources to reactive issues, and is also an indication of the level of demand on ECA to respond to issues across the NEM.

Table 3: Categorisation of ECA publications²

Total number	ECA initiated	ECA responding
96	14	82

Feedback from stakeholders indicates that the ECA effectively balances being proactive with reactive, and that ECA has managed to become more proactive over time, despite ongoing increases to demand for submissions and participation in other matters. For example, the Australian Competition and Consumer Commission (ACCC) and the Australian Energy Market Commission (AEMC) both observed that ECA balances the effort it puts into contributing to an issue, with the scale of the issue

² Documents which explicitly mentioned being influenced by a topic or organisation were considered to be of a reactive nature. Documents which did not specify which organisation initiated the topic, or explicitly stated that the research was initiated by ECA were considered to be proactively pursued by ECA. Additionally, there were 76 Submissions, all of which are of a reactive nature (assumption as a submission by definition must be submitted in response to something). For six documents, it was unclear whether they were proactive or reactive in nature.

itself. Examples from non-government stakeholders suggest that ECA has participated significantly in various policy reform processes.

Stakeholders listed many examples of ECA participating effectively in matters of strategic importance and material consequence for consumers, summarised in Table 4.

Table 4: Examples of ECA Projects Cited by Stakeholders as High Quality

Topic	Summary
Consumer data rights	ECA has contributed to the ACCC, as lead regulator of the measure announced by the Australian Government in November 2017, to optimise the platform upon which consumers may compare and switch between products and services ³ .
Revenue reset decisions	Refers to the process under which regulated electricity network businesses must periodically apply to the Australian Energy Regulator (AER) to undergo assessment of revenue requirements, typically every five years. ECA has made submissions to COAG EC and the AER detailing its support for the development of a new mechanism to facilitate consumer participation in network revenue processes ^{4,5} .
Reviews and rule changes	ECA has specified its position on each proposed rule amendment to be made to the national energy retail law, local generation credit rule, meter read and billing rule, national electricity amendment rule, national energy retail rules and other rule changes in the NEM and wholesale energy market ^{6,7} .
Various Australian Energy Market Operator (AEMO) processes	For example, ECA's input on the Integrated System Plan (ISP), recommending that more emphasis should be placed on explaining the inner workings of the model underpinning the ISP ⁸ .
Rate of return outcome	The estimate of the appropriate cost of funds for investment in a network to address the balance between system reliability and energy affordability. ECA has contributed a submission to the AER arguing that current guidelines are in significant error, resulting in excessive profitability of network businesses ⁹ .
National Energy Guarantee (NEG)	ECA worked actively across stakeholder groups in the development of the NEG. ECA's position is that the NEG should be implemented, and implementation should be focussed on affordability to build consumer confidence and trust in the energy sector ¹⁰ .
Energy Charter	ECA has been invited by networks to participate in a lead role in developing a charter to define appropriate standards of behaviour within the industry. ECA is playing a role in the development process of the Energy Charter by closely monitoring progress and providing guidance based on consumer expectations of the initiative ¹¹ .

³ Australian Competition and Consumer Commission. Consumer data right. [online] Retrieved from: <https://www.accc.gov.au/focus-areas/consumer-data-right>

⁴ Energy Consumers Australia. (2017). A Mechanism for Better Outcomes: Submission to the COAG Energy Council's Consultation Paper, *Consumer participation in revenue determinations an associated regulatory processes*. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/mechanism-better-outcomes-submission/>

⁵ Australian Energy Regulator. Determinations and Access Arrangements. [online] Retrieved from: <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements>

⁶ Energy Consumers Australia. (2016). Meter read and billing frequency rule change. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/meter-read-and-billing-frequency-rule-change/>

⁷ Energy Consumers Australia. (2016). Local Generation Credit Rule Change. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/local-generation-credit-rule-change/>

⁸ Australian Energy Market Operator. Integrated System Plan. [online] Retrieved from: <https://www.aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/Integrated-System-Plan>

⁹ Energy Consumers Australia. (2017). Review of the rate of return guideline: Submission. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/review-rate-return-guideline-submission/>

¹⁰ Energy Consumers Australia. (2019) Energy Security Board Draft Detailed Design Consultation Paper: Submission. [online] Retrieved from: <http://energyconsumersaustralia.com.au/publication/energy-security-board-draft-detailed-design-consultation-paper-submission/>

¹¹ The Energy Charter. (2018). The Energy Charter: Draft for consultation. [online] Retrieved from: http://static1.squarespace.com/static/5b20a97b85ede1e56472bc39/t/5ba1f0d003ce64bae2683f9e/1537339657745/Energy+Charter+Consultation+Draft_19092018.pdf

Topic	Summary
Tariffs and revenue	ECA makes detailed submissions to the AER, based on an analysis of electricity and gas bill outcomes based on retail offers made available compared with the same period a year earlier ¹² .

Some stakeholders, however, criticised the ECA for an emphasis on technical matters, instead of prioritising consumer driven issues. These criticisms came from consumer advocacy groups, and were in contrast to the feedback from market regulators. This is a reflection of the interests of different stakeholders, and an example of the competing pressures ECA operates within. However, the ECA needs to consider how best to engage with policy reform processes to influence outcomes on behalf of consumers.

During the review, the approach to prioritisation of effort within ECA was explored. Key observations were:

- Key activities are identified through ECA’s annual Business Plan. This is based on priorities identified by the Board in consultation with key sector stakeholders, and then approved by the member in consultation with COAG Energy Council.
- Directors maintain a tool which lists significant market activities, prioritised against predetermined criteria. This is kept up to date and used as a decision making tool to target effort and tailor the ECA’s approach across the sector.

The ECA prioritises its efforts through Board discussion and professional judgment, and has formal processes for determining to which regulatory and advocacy issues it responds. However, a number of stakeholders indicated that they were unaware of the manner in which ECA determines its priorities, and that these did not always make sense to them. Some of the examples in Table 3, including the Consumer Data Rights work with the ACCC and the participation in network issues in some jurisdictions but not others, were cited as difficult to understand by some stakeholders. It is important to note, however, that stakeholders themselves appeared to have varying expertise in the NEM, and some had little understanding of the ECA’s obligations under its Constitution.

It should also be recognised that, given the rapid and unexpected nature of the energy policy reform in recent years, ECA needs to be flexible to respond to new and immediate requests in the current environment. Against this changing environment, ECA is constantly learning and adapting its activities to have an active presence in the key energy policy initiatives. The risk with this is that some of ECA’s initiatives are overtaken by events and are not driven to their full completion. For example, some stakeholders felt ECA’s work on disconnections and affordability issues did not realise their full potential.

There is a diverse range of issues to be considered across the various parts across the wholesale, networks and retail areas of the energy supply chain. Some stakeholders commented that the ECA is possibly focusing too much on retail issues rather than on the other sectors of the market, and that these other sectors may account for a larger share of consumer bills. The ECA appears to have prioritised retail arrangements due to their greater perceived impact on consumer experiences. Wholesale policy issues are highly technical in nature and to date, ECA has not prioritised expertise in this area. This may be based on sound reasoning, however stakeholders argued that it was unclear to them why ECA had prioritised in this manner.

A frequency analysis of ECA publications from establishment until October 2018 outlined in Table 5, shows that wholesale policy issues have not been prioritised by the ECA. As the majority of publications are submissions (79%), which are reactive by nature, the frequency of network issues as a topic of ECA’s publications is indicative of issues within the broader National Energy Market. Of ECA research and papers which were of a proactive nature, four focused on retail, one on network, and none on wholesale issues.

¹² Energy Consumers Australia. (2018). SME Retail Tariff Tracker Final Report: June 2018. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/sme-retail-tariff-tracker-final-report-june-2018/>

Table 5: Frequency analysis of ECA publications:

Total number	Retail	Wholesale	Network
96	9	2	17

In summary, given sector demand and resource constraints, evidence suggests that ECA is effectively involved in issues raised by market bodies and regulators. Input from stakeholders and an analysis of ECA’s projects indicate that it balances being proactive and reactive, and is actively engaged in policy processes and regulatory activities. Feedback from stakeholders and analysis of ECA publications indicates that it has focused on retail and network issues rather than wholesale issues, due to the perceived impact on consumers. There is a high degree of visibility on ECA’s involvement in major policy reforms, however stakeholders argued the ECA should provide greater transparency and more frequent reporting around the process undertaken to prioritise activities.

Assessment

Very Good - Good

Areas for improvement

Recommendation 1)

To increase transparency of its prioritisation processes the ECA should:

- a) Regularly review its actual and expected involvement across energy sectors and all aspects of the energy supply chain; and
- b) Improve the detail made publicly available about its strategic priorities. This should include information about its methodology for prioritising its key areas of activity. This could be released annually as part of its Business Plan.

Priority: Medium.

Market Influence

This review area aimed to answer the overarching question: *How effectively has ECA influenced regulatory activities and energy market reform to benefit consumers?*

Evidence was reviewed for:

- Creating and maintaining effective working relationships with key stakeholders.
- Influence in decisions made by key stakeholders, and in the public debate of energy issues.
- Having achieved change for the benefit of consumers.

Observations

To gauge the influence of ECA within the market, consultations with stakeholders were used to determine whether ECA created and maintained effective relationships. Additionally, occurrences of ECA within the media and examples of ECA's outputs and statements being used by individuals and organisations within the Energy sector were taken as evidence of ECA's influence in the public debate. It was recognised by stakeholders that the ECA puts forward high quality, well-reasoned and evidenced outputs into policy reforms.

The review found that market bodies consider ECA to have added a lot of value in effective engagement. Representatives of the Energy Security Board (ESB), AER, Australian Energy Council (AEC) and AEMC all stated that ECA has been effective in engaging with stakeholders and developing strong relationships. This was echoed by the board of ECA, which stated that ECA has invested in open and regular engagement with regulators. Stakeholders also commended the ECA's ability to bring together high calibre stakeholders from across the NEM, in the various forums it organises.

At the same time, however, government stakeholders within jurisdictional policy departments and the Commonwealth were less satisfied with the quality of their relationships with the ECA. Reflections in interviews indicated that the majority of efforts to build effective working relationships with government occur only at the very senior levels. Policy officers, those preparing advice for senior decision makers, do not tend to have strong relationships with ECA, which represents a potential lost opportunity for the ECA to collaborate in development exercises. Comments from various stakeholders, including from within the ECA, indicated that ECA does not have a strong understanding of the operational matters of government, and its potential role in these.

Analysis of ECA's most recent Annual Report and Business Plan indicate that ECA recognises the value of engaging with Government and in particular, Government agencies associated with COAG, to advance the interests of consumers^{13,14}. However, details of how ECA intends to engage with the various levels of Government appears to be lacking. ECA's engagement with its stakeholders is outlined in Table 6 below. Through consultation and analysis of ECA reports, the review found that there is a gap in ECA's stakeholder strategy when engaging with Government Stakeholders. However, one Government Agency stated that it had a positive experience of dealing with ECA at an operational level through their innovation forum and distributed energy discussions.

¹³ Energy Consumers Australia (2018). Energy Consumers Australia Annual Report 2017-18. Retrieved from: <https://energyconsumersaustralia.com.au/about-us/governance/>

¹⁴ Energy Consumers Australia (2017). Energy Consumers Australia Business Plan 2018-19. Retrieved from: <https://energyconsumersaustralia.com.au/about-us/governance/>

Table 6: ECA’s engagement with stakeholders

Consumer	Industry	Government
<p>Consumer Advocates</p> <ul style="list-style-type: none"> Reference Committee Meetings Roundtables and issue-focused forums Targeted working groups <p>Individual Consumers</p> <ul style="list-style-type: none"> Energy Consumer Sentiment Survey (ECSS) Website Awareness campaigns Regional Listening Tours Consumer Round table 	<p>Market Bodies</p> <ul style="list-style-type: none"> Foresighting Forum Rule change and Review submissions 	<p>Ministerial level</p> <ul style="list-style-type: none"> COAG EC <p>Senior Executive Service (SES) level</p> <ul style="list-style-type: none"> Senior Committee Officials (SCO) CEO and SES relationships <p>Operational levels of government <i>(no engagement identified)</i></p>

Almost all stakeholders consulted provided ready examples of ECA’s influence in regulatory activities and energy market reform. Consumer advocacy groups were least likely to cite examples, however in many cases they also recognised these achievements. Examples most commonly cited are summarised in Table 7 below.

Table 7: Examples of ECA Projects Cited by Stakeholders as Influential

Topic	Summary
AEMC rule changes	For example, ECA’s submission in support of the proposal to incorporate the rule change prohibiting discounting practices which can result in a ‘discount’ deal leaving consumers worse off in comparison to the standing offer ^{15,16} .
AEMC framework for retail competition review	ECA’s submission recommends the data currently utilised by AEMC should be assembled to provide the competitiveness report into a Retail Competitiveness Index to be applied over future years; providing a quantitative measure of market development ^{17,18} .
Retail prices rule changes	ECA has established a supporting position towards the rule change given the difference between the ‘best and worst’ deal in the retail market which can be potentially detrimental to consumer finances if their discount expires without being informed by the retailer ¹⁹ .

¹⁵ Energy Consumers Australia. (2018). preventing discounts off inflated energy rates: Submission. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/preventing-discounts-off-inflated-energy-rates-submission/>

¹⁶ Energy Consumers Australia. (2017). Five Minute Settlement: Submission to AEMC Directions Paper. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/five-minute-settlement-submission-aemc-directions-paper/>

¹⁷ Australian Energy Market Commission. (2016). 2016 Retail Competition Review. [online] Retrieved from: <https://www.aemc.gov.au/sites/default/files/content/d5a60d5b-d2dc-4219-af60-51c77d8aaa4f/RPR0004-2016-Retail-Competition-Review-Final-Report-FINAL-for-publication-30-June-pdf.PDF>

¹⁸ Energy Consumers Australia. (2016). AEMC 2016 Retail Competition Review: Submission in response to the Approach Paper. [online] Retrieved from: <https://energyconsumersaustralia.com.au/wp-content/uploads/AEMC-Retail-Competition-Review-Submission-in-response-to-Approach-Paper.pdf>

¹⁹ Energy Consumers Australia. (2017). Proposed Rule: Notification of end of fixed benefit period. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/proposed-rule-notification-end-fixed-benefit-period/>

Topic	Summary
Smart metering and the efficiency of the wholesale market	ECA’s submission provides an evidence-based position on why it disagrees with AEMC’s proposed rule on billing requirements ²⁰ .
ECSS	The ECSS is undertaken every six months to track changes in household and small business consumer sentiment associated with satisfaction, confidence and activity over time ^{21,22} .
ECA’s Foresighting forum	This regular conference is intended to create a platform upon which the whole energy sector can collaborate on key issues affecting the long term interests of consumers and how more power may be given to consumers in making key decisions on the use, production and trade of energy ²³ .
Energy Charter	ECA has been invited by networks to participate in a lead role in developing a charter to define appropriate standards of behaviour within the industry. ECA is playing a role in the development process of the Energy Charter by closely monitoring progress and providing guidance based on consumer expectations of the initiative ²⁴ .

A common theme emerging from consultations with market bodies and senior government officials was that stakeholders were highly complementary of the approach of ECA’s executive team, and in particular, Rosemary Sinclair, the Chief Executive Officer. Stakeholders stated that Rosemary is frequently invited to give statements in the media on national issues (see recent examples^{25,26,27}), further evidence of the influence of the ECA.

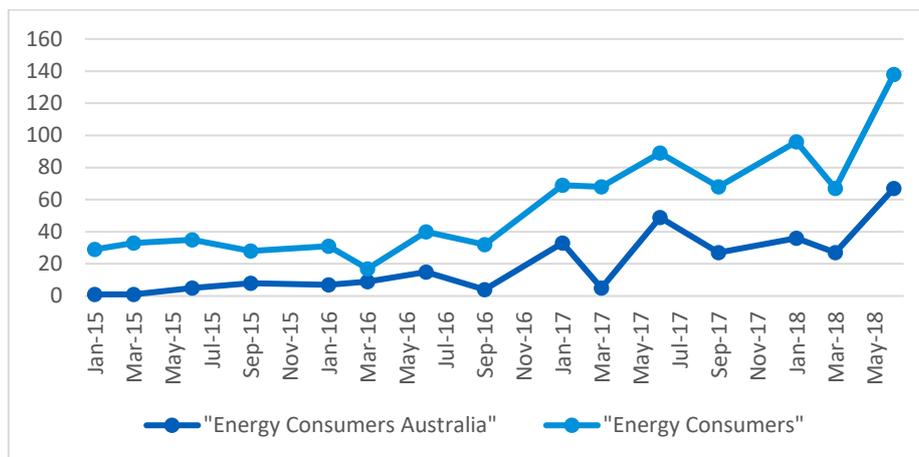


Figure 1: Media Articles Over Time, by Key Search Term

In order to establish an objective measure of ECA’s influence in the broad energy market debate, a media search was conducted to understand the extent to which ECA has been referenced in the media within articles relating to energy consumers. Analysis of Australian news articles since ECA

²⁰ Australian Energy Market Commission. (2016). Meter read and billing frequency. [online] Retrieved from: <https://www.aemc.gov.au/rule-changes/meter-read-and-billing-frequency>

²¹ Energy Consumers Australia. (2018). Energy Consumer Sentiment Survey Findings: June 2018. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/energy-consumer-sentiment-survey-findings-june-2018/>

²² Newgate Research (2017). CONSUMER RESEARCH FOR THE AUSTRALIAN ENERGY MARKET COMMISSION’S 2017 RETAIL COMPETITION REVIEW. [online] Retrieved from: <https://www.aemc.gov.au/sites/default/files/content/62080e52-06d1-4526-8c92-3eadec24876f/Newgate-Research-AEMC-2017-Retail-Competition-Review-Consumer-Research-Report-F.pdf>

²³ Energy Consumers Australia. Foresighting Forum. [online] Retrieved from: <https://energyconsumersaustralia.com.au/projects/foresighting-forum/#main-content>

²⁴ The Energy Charter. (2018). The Energy Charter: Draft for consultation. [online] Retrieved from: http://static1.squarespace.com/static/5b20a97b85ede1e56472bc39/t/5ba1f0d003ce64bae2683fbc/1537339657745/Energy+Charter+Consultation+Draft_19092018.pdf

²⁵ Latimer, C. (2018). Power price re-regulation to hit smaller retailers hardest. [online] The Sydney Morning Herald. Retrieved from: <https://www.smh.com.au/business/the-economy/power-price-re-regulation-to-hit-smaller-retailers-hardest-20181023-p50bd7.html>

²⁶ Financial Review. (2018). Energy charter to redress plunging trust in sector. [online] Retrieved from: <https://www.afr.com/business/energy/electricity/energy-charter-to-redress-plunging-trust-in-sector-20181014-h16ms4>

²⁷ ABC News. (2018). Want cheaper power bills? The Government says it can save you up to \$800 a year. [online] Retrieved from: <https://www.abc.net.au/news/2018-10-23/federal-govt-energy-policy-save-households-hundreds-of-dollars/10418994>

was established (1 January 2015 to 31 October 2018) was conducted using Lexis Advance Research. As shown in Chart 1, above, this demonstrated a strong, steady increase in references in the media to the ECA over time. It also, however, revealed a commensurate increase in the number of media references to energy consumers in Australia. During this period, the NEM has been subject to increasing public debate, with increases in the number of articles referencing the energy market in Australia increasing from 786 between January and March 2015, to 3,264 between March and May 2018, a 315 per cent increase.

Feedback from stakeholders is that the ECA has high credibility, which has increased over time. However, there are views that there may be opportunity for the ECA to leverage this more actively to achieve better outcomes for consumers. The ECA is focused more on policy than advocacy, and it is difficult to see tangible outcomes for consumers flowing from its activities. While evidence suggests ECA does influence policy reforms, stakeholders felt it does so in a supportive and enabling role rather than through identifying and driving its own reform agenda. For example, ECA does not submit its own rule changes, and is not seen to proactively argue for its own ideas. The overall sense is that ECA is not a disruptor of the current regulatory and policy environment, and is working within the system, although the system has been recognised by the ACCC and government as not working in the interest of consumers.

In summary, ECA's staff and output are generally well regarded by stakeholders, and there are many instances where this output has been positively received. Market bodies and consumer advocates provided numerous examples of the high quality of work conducted by the ECA regarding regulatory influence and regulatory policy reform. Additionally, ECA has established channels of communication for consumer and market body stakeholders, however, there is some evidence to suggest that ECA has yet to build strong relationships at the operational levels of government. This could greatly enhance opportunities to collaborate on policy development in the interests of consumers. The frequency of references to ECA's staff, outputs, statements, and as an organisation in general within the media and public discussion demonstrates influence within the energy market, while the market itself has become increasingly topical in Australia.

Assessment

Good to Adequate

Areas for improvement:

Recommendation 2)

ECA should prioritise putting forward suggested rule changes to further the interests of consumers, through:

- a) Evidence from consumers (ECSS), consumer advocates and technical experts being leveraged to identify those areas likely to be of greatest strategic benefit to consumers; and
- b) Reporting of how potential issues have been prioritised.

Priority: Low

Recommendation 3)

ECA should invest in improvements to its working relationship with government at all levels, to foster understanding of consumer concerns and to advocate for policy and regulatory arrangements in the interests of consumers. To do this ECA should engage operational levels of federal and state government departments through establishing a roundtable between ECA staff and Executive Level Government Officers. The roundtable should meet annually, and focus on sharing energy sector insights and jurisdictional issues.

Priority: Medium

Consumer Engagement

This review area aimed to answer the overarching question: *How effectively does ECA engage consumers and consumer advocates?*

Evidence was reviewed for:

- Engagement with consumers on a frequent basis through a number of different avenues, such as surveys, online or face to face forums and focus groups.
- ECA communicating policy and regulatory developments in the NEM in clear and simple language to show what these actually mean for consumers.

Observations

In practice, the ECA undertakes a number of activities to engage stakeholders. These include:

- Running regular stakeholder forums and conferences which are well received.
- Publishing an online calendar which tells advocates when sector relevant issues and activities are occurring.
- Ensuring media protocols are in place and understood by staff.

The ECSS was the most frequently cited example of strong consumer engagement by ECA. The ECA provides a detailed report including data analysis and key findings across all States and Territories²⁸, which is valued by stakeholders, sharing important reflections from consumers themselves on their experience of the NEM. Governments and regulators draw on this regularly in their roles, while AEMC has phased out its own survey in favour of the one provided by ECA.²⁹

Events and forums held by ECA to engage with consumers and advocates are also highly regarded. Consultation with consumer advocacy bodies indicated that they were broadly supportive of the value of a range of efforts on behalf of ECA to engage them. Examples include:

- The ECSS
- The 2018 Housing Summit³⁰
- AER tariff meeting
- Reference Committee meetings
- Consumer Roundtables
- Foresighting forums
- Regional Listening Tours³¹
- Power Shift
- Energy Charter

ECA also conducts research to understand consumer issues. Examples include the cost of payment difficulties/disconnections and Solar PV experiences work commissioned by ECA^{32,33}.

Many stakeholders observed that ECA actively engages energy consumer advocacy organisations as well as other market participants, in order to incorporate a balance of views in its activities and outputs. Feedback indicated that ECA effectively leverages its Reference Committee, set up under its

²⁸ Energy Consumers Australia. (2018). Energy Consumer Sentiment Survey Findings: June 2018. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/energy-consumer-sentiment-survey-findings-june-2018/>

²⁹ Newgate Research (2017). CONSUMER RESEARCH FOR THE AUSTRALIAN ENERGY MARKET COMMISSION'S 2017 RETAIL COMPETITION REVIEW. [online] Retrieved from: <https://www.aemc.gov.au/sites/default/files/content/62080e52-06d1-4526-8c92-3eadec24876f/Newgate-Research-AEMC-2017-Retail-Competition-Review-Consumer-Research-Report-F.pdf>

³⁰ Energy Consumers Australia. (2018). Housing Summit 2018: Overview and Resources. [online] Retrieved from: <https://energyconsumersaustralia.com.au/news/housing-summit-2018-publications-resources/>

³¹ Energy Consumers Australia. (2018). *Community Listening*. [online] Available at: <http://energyconsumersaustralia.com.au/projects/community-listening/>

³² Energy Consumers Australia. (2016). Keeping People Connected [Online] Retrieved from: <http://energyconsumersaustralia.com.au/publication/keeping-people-connected/>

³³ Energy Consumers Australia. (2017). Consumer participation in solar and battery storage markets [Online] Retrieved from: <http://energyconsumersaustralia.com.au/publication/consumer-participation-in-solar-and-battery-storage-markets/>

Constitution and comprising a range of advocacy representatives. This group is used to test ideas through forums and teleconferences. However, some stakeholders reflected that ECA is overly reliant on the Reference Committee, who are themselves subject to tight resource constraints and staffing limitations. When probed, some advocates on the ECA Reference Committee felt they got little benefit from participating in Reference Committee activities.

Additionally, feedback revealed that ECA is not widely known among consumers. Government stakeholders consider this to be a weakness, however, consultations with the Board suggested that ECA does not prioritise its own visibility, as this is not a key element of serving consumers' interests. While ECA has started to engage directly with consumers more through its regional listening tours, the Board prioritises building skills and knowledge at the advocacy group level rather than building its own brand in the NEM.

To assess the clarity and readability of ECA documents, and therefore how accessible consumers may find them, an assessment of ECA documentation against comparators using the Flesch Reading Ease and Flesch-Kincaid Grade Level tests was undertaken (**Appendix 2**)³⁴. As may be expected, outputs which dealt with subject matter of a technical nature, such as submissions to revenue determinations, were more difficult to understand. In the majority of cases, the clarity and readability of ECA's submissions and in-house and commissioned research are broadly on par with comparator documents produced by the ACCC and various Government Departments.

In summary, ECA relies heavily on its Reference Committee to understand energy consumer issues, and is not well known among consumers themselves. As a result, ECA engages effectively with consumer advocates through regular reference committee meetings and consultation on consumer issues, however, it does not engage actively with individual consumers. By engaging energy consumer advocates as well as other market participants, ECA aims to incorporate a balance of views in its activities and outputs. ECA's outputs are generally clear and easy to read with reference to comparator documents, however, ECA does not use simple language for work of a technical nature. The review found that the ECA has established useful channels of communication to receive feedback from consumers, but lack channels to communicate directly to consumers. As consultation of individual consumers was not conducted as part of the review, consumer sentiment was not gauged.

Assessment

Good to Adequate

Areas for improvement:

Recommendation 4)

ECA should introduce a stronger focus on communication to assist individual consumers in their energy market decision making. To do this ECA should:

- a. Leverage evidence from consumers (ECSS), consumer advocates and technical experts to identify those areas likely to be of greatest material benefit to consumers;
- b. Use this information to include a consumer focused component on its website, giving clear, actionable advice on key issues; and
- c. Introduce a direct communication avenue to the ECA through its website, which will enable it to understand consumer expectations and the extent to which it is successfully addressing these.

Priority: High

³⁴ Howes, L. M., Kirkbride, P.K. Kemp, N., Julian, R., & Keltly, S.F. (2013). Forensic scientists' conclusions: How readable are they for non-scientist report-users? Forensic Science International, 231, 102-112. Retrieved from <https://doi-org.ezp.lib.unimelb.edu.au/http://dx.doi.org/10.1016/j.forsciint.2013.04.026>

Building Capacity and Expertise

This evaluation domain aimed to answer the overarching question: *How well has ECA built capacity and NEM expertise in advocacy organisations, to advance the interests of consumers?*

Evidence was reviewed for:

- ECA building its expertise in national and/or jurisdictional energy market issues.
- ECA seeking to build capacity within consumer advocacy organisations and the broader NEM sector, and capacity building initiatives undertaken.

Observations

To assess whether ECA has built national and jurisdictional expertise, and enhanced capacity within consumer advocacy organisations, consumer advocacy and market bodies were consulted. Consultations aimed to understand the extent to which ECA had effectively balanced focusing on issues between jurisdictions, national issues and gas and electricity issues. Consultations were also undertaken to understand how the capacity of consumer advocacy organisations and the wider NEM had improved through the efforts of ECA.

Whilst there were examples from the AER which showed that ECA has awareness of national and jurisdictional issues (e.g. ECA's submissions into rate of return guidelines), there were varied perspectives about how it engaged at the jurisdictional level. Representatives from South Australian Government and Tasmanian small business were positive, however, advocacy groups argued that ECA needed to become more vocal on regional and metropolitan issues. These groups stated that ECA engaged mostly in NSW network determinations with not as many in other jurisdictions; a view shared by AER as well. Some stakeholders also noted that ECA was not as informed on gas as electricity, however, they stated that this most likely reflects current pressures in the market. Other stakeholders suggested it was more appropriate for ECA to focus on national issues as there are many consumer advocacy bodies at the jurisdictional level.

Representatives from the ACCC stated that other consumer advocates provide a less technical perspective, and representatives of ECA expressed a view that the tone of debate set by advocacy organisations has matured over the time that ECA has been working with them. The ECA does not attempt to formally measure its impact, however, limiting the extent to which it is able to demonstrate value in this domain.

ECA grant funding is based on a project by project evaluation. One possible disadvantage of this approach is that it creates uncertainty in the revenue stream for advocacy organisations, making it hard for them to build and retain capability within their organisations.

As per its constitution, ECA is required to build national and jurisdictional expertise and capacity through research, knowledge development and consultation.³⁵ ECA undertakes a range of activities to build the capacity of advocacy organisations, including through funding and sharing a range of research and other projects, through regular stakeholder forums and through its grants program. However, the extent to which these directly contribute to advancing the interests of consumers is difficult to gauge.

In summary, evidence suggests ECA has successfully established and maintained its own expertise across the NEM, and ECA representatives indicated that they had observed an increase in expertise and capacity in advocacy organisations. However, varied perceptions of ECA's impact in this area were presented by stakeholders, as performance is not measured.

³⁵ Constitution of Energy Consumers Australia Limited, section 4.2.c

Assessment

Adequate

Areas for improvement:

Recommendation 5)

The ECA should introduce a more rigorous and transparent performance reporting framework, by publishing performance measurement of capacity building activities outlined in its constitution (research, knowledge development and consultation) as part of its annual report, and act on any areas of improvement identified.

Priority: Medium

Recommendation 6)

The ECA should engage consumer advocates annually for feedback on how effectively the ECA is currently building jurisdictional expertise, and incorporate findings into the annual report.

Priority: Medium

The Grants Function

This evaluation domain aimed to answer the overarching question: *How effective is ECA in undertaking its grants functions?*

Evidence was reviewed for:

- The grants application and distribution processes being of a high standard.
- Feedback being informative and timely.
- Sufficient resourcing for the grants function.
- The available resourcing being used effectively.
- Any conflict of interest between the grants function and other functions of the organisation, and any apparent conflict being managed effectively.
- A standard and transparent grant application and distribution process.
- Funded projects making an influential impact.

Observations

To assess the effectiveness of the grant application and distribution processes, data from stakeholder consultations and a survey of ECA grant applicants was used. To assess whether the amount of grant funding is fit for purpose, and whether the grant function is transparent, data from stakeholder consultation and an analysis of internal ECA grant documentation was undertaken. The collected data aims to build a comprehensive understanding of the value created by grants, and the effectiveness with which they are administered. An evaluation of past grant performance and impact may add further evidence to the overall assessment of grant performance, however, this was outside the scope of the review.

A survey of grant recipients indicated broad satisfaction with the processes in place (see **Appendix 3**). At the same time, however, discussions with stakeholders indicated that the grants program is a subject of deep contention among potential recipients.

The grants function has been reformed through the establishment of ECA, replacing the former Consumer Advocacy Panel which oversaw the grants program. A focus on research quality and accountability for funding has created a shift away from funding major energy users, towards exploring a more diverse profile of smaller grant recipients. ECA's board also began awarding project based funding rather than the advocacy funding system under the Consumer Advocacy Panel. As a result, the ECA do fund advocacy projects, however, they do not give ongoing advocacy funding support. Advocates stated that this model restricts their activities and affects their ability to make an impact. Observations from stakeholder interviews indicated that this shift, combined with an increased focus on performance measurement has caused conflict between ECA and its fellow advocacy bodies.

While primary research to measure the impact of the ECA grants program was beyond the scope of this review, various stakeholders and board members noted that ECA has not measured the impact made by its grants. Many noted, as well, that the impact of grants, particularly with regards to research grants, is difficult to assess. Analysis of internal documentation indicated that although applicants are required to demonstrate the potential impact of their proposed project, the ECA does not evaluate the impact made by these funded projects.

While some representatives of advocacy groups stated that they had no concerns with the ECA's approach to its grants program, these groups were characterised by stable and reliable funding streams through members and constituents. Other advocacy groups, notably those who are more

reliant on ECA grants for funding, argued that the complexity of the NEM, combined with frequent requests from market bodies that they participate in regulatory and reform issues mean that they require a reliable stream of funding to support these endeavours and maintain their knowledge of the sector.

The issue of the quantum of funding was widely raised by stakeholders across the NEM, and the observation was commonly made that the ECA grants program was oversubscribed. ECA representatives noted that there are three times more grant applicants than there are grants allocated in any round. Some stakeholders raised concerns that there was not enough resourcing for grants, and that greater funding should be allocated to the grants function, and in particular, for the purpose of engaging in network determination processes.

While advocates noted that the quantum of funding limits the impact made by ECA grants, many argued that these are currently effective given their resource constraints. Given the complexity and pace with which issues in the NEM emerge, it is likely that funding, no matter how generous, would be considered inadequate by some stakeholders. At the same time, the ECA senior management is not seeking that the available funding be increased, citing a reluctance to increase the cost to consumers by further increasing funding levies. However, an ECA submission states that it is supportive of a new mechanism for consumer contributions to network revenue determinations. It also states that it is appropriate for increased funding for consumer participation to be funded by networks and included as a cost recovered in allowed revenue³⁶. This position taken by ECA is at odds with the position taken during consultations as part of the review. It is recommended that ECA clarify its position on this matter.

An issue was frequently raised about how ECA separates its role as both an advocate and a funding organisation. Advocacy groups expressed concern that this could be perceived as a conflict of interest, with the potential for ECA to refuse to fund what it does not agree with. However, representatives from market bodies argued that it appears to carefully balance these demands and that there was no one else better placed to manage the grant program. Some stakeholders suggested that a separate governance structure could potentially manage any perceived conflict of interest.

Some advocacy organisations stated that there is a lack of clarity around what the Board considers to be an acceptable grant application. Some grant applicants stated they do not understand why they have had applications declined, and they would benefit from feedback in writing instead of verbally. Other applicants expressed satisfaction that the grants they had received were audited and accountable, describing six monthly reporting and acquittals and a requirement to provide evidence of delivering against the proposed work order. However, ECA does not undertake evaluative activities to assess the impact for consumers of its grants program, and whether each grant delivers its expected tangible outcome. Many applicants noted that all of the funded grants are published quarterly and appear to be appropriate and well selected. However, there were some differing views on whether advocacy or projects should be prioritised and an acknowledgment that, where stakeholders view ECA as a funding source, unsuccessful grant applications lead to negative views of ECA.

On balance, evidence suggests that ECA's administration of its grants program appears to be of a high standard. Documents reviewed indicated that relevant controls are in place and ECA representatives explained the measures taken to ensure objectivity in funding decisions. Analysis of internal grant administration documentation revealed that ECA has a standardised process for assessing grant proposals from the point the application is received, until the final payment. The grant application form seeks to determine the relevance of the grant project for the interests of consumers. Grants are assessed based on their objectives, compared with section 4.2.c of the constitution (building national and jurisdictional expertise), and more broadly, better practice grants administration³⁷.

³⁶ Energy Consumers Australia. (2017). A Mechanism for Better Outcomes: Submission to the COAG Energy Council's Consultation Paper, *Consumer participation in revenue determinations and associated regulatory processes* October 2017 [online] Retrieved from: <http://www.coagenergycouncil.gov.au/sites/prod.energycouncil/files/publications/documents/Energy%20Consumers%20Australia%20response%20to%20consumer%20resources%20consultation.pdf>

³⁷ Energy Consumers Australia: Grants Program Policy, p.5

Members of the Board described their efforts to link up similar grant projects aimed at improving outcomes as well as collaboration, working with first time grant recipients to aid in risk management. Evidence reviewed suggests the grants team works closely with grant applicants, to enable the Board to make informed decisions and spend time communicating feedback, and grant applicants receive support and clarification when required. The importance of flexibility, particularly with CEO grants, was also communicated by a few stakeholders, while others noted that reducing the number of annual funding rounds from six to three has reduced flexibility and lengthened delays in funding projects.

In summary, given the limited resources of the ECA, feedback from stakeholders relating to the grants function was positive overall. The review found that applicants who dedicate time and effort to their applications and selectively apply for programs to which they are more suited, are more successful on average and have an overall more positive view of the grants process. Although ECA has strong internal processes for the administration of grants and review of grant applications, stakeholders communicated that there is little transparency of how ECA separates its grants function from other areas of activity and that it does not assess whether its grants program makes a tangible impact. Stakeholders also expressed the view that the shift to project based funding and decreased number of grant rounds have limited the effectiveness of their operations. Despite this, the overall view from these stakeholders is that ECA is currently the most appropriate organisation to undertake the grants function.

Assessment

Good – Adequate

Areas for improvement:

Recommendation 7)

The ECA should improve transparency of its grants program, through:

- a) Improved information for grant applicants, including through providing detail about priority areas for grants funding, as well as information about its methodology for selecting applications for funding.
- b) Introducing detailed reporting of grant funding allocations across activities, including reporting by energy sector (electricity/gas), supply chain segment (eg wholesale, network, retail), and jurisdiction. This reporting should be included in the ECA Annual Report.
- c) Engaging external probity advisors to provide assurance that its role as both a peer and a funding organisation for other advocacy groups does not introduce probity risks.
- d) Introducing regular impact evaluation of the extent to which the grants program is achieving tangible benefits for consumers. This should be underpinned by best practice monitoring and reporting requirements for each individual grant project. Visibility of grant performance will enable the ECA to adjust its grant prioritisation process and assess adequacy of funding over time.

Priority: Medium

Recommendation 8)

To help resolve the issue of resourcing for consumer participation in revenue determinations, the ECA should:

- a) Conduct analysis into how best it can contribute to revenue determinations;
- b) Communicate this to key stakeholders to manage expectations; and
- c) Use this analysis to seek further resources through COAG EC, as necessary.

Priority: Medium

Research Effectiveness

This evaluation domain aimed to answer the overarching questions: *How effective is ECA in undertaking research activities?* and *How influential is ECA research in advancing the interests of energy consumers in NEM issues?*

Evidence was reviewed for:

- Appropriate criteria being applied to decide whether an internal and external research project is to be pursued.
- Research problems which are pursued being important, significant, or useful.
- A high proportion of ECA research projects are delivered on schedule to a high standard.
- The products or outputs of research activities being effectively disseminated to consumers, consumer advocacy bodies, the broader NEM research community and other stakeholders.
- The use of dissemination channels with wide reach.

Observations

To evaluate the effectiveness of ECA in undertaking its research activities, data from consultations was used to determine whether stakeholders found ECA research to be useful. Additionally, data from consultations and an analysis of ECA's outputs was used to assess the standard of the research and the relevance of topics pursued.

Board members described the process of deciding research priorities as an ongoing area of deliberation and debate, where they exercise professional judgement to identify issues of most importance and value to consumers. Stakeholders frequently reported that ECA's research, both in-house and commissioned research, are of a very high standard. As previously discussed, market regulators found the research to be influential and informative.

Some Reference Committee members questioned the value of outsourcing research, arguing that it is a more costly approach and that by outsourcing, in-house expertise is not developed. However, ECA's management indicated that achieving quality research from consultants for minimal cost was a strong advantage of its operating model.

While some Commonwealth stakeholders were critical of ECA's performance in managing one particular research program, all government stakeholders described ECA's research as reliable and of a very high standard. The South Australian and New South Wales Governments emphasised this view, while the AER, ESB, ACCC and the AEMC described ECA's research as strong, helpful and of high quality. Further, stakeholders felt ECA does a good job at explaining how their research projects fit and contribute to the current policy reform areas.

A review of ECA's published submissions and research demonstrated a high standard of quality. These were reviewed for written clarity, error rates and the extent to which arguments are well supported by evidence³⁸. ECA's outputs typically involved commenting on a particular issue or proposal, and outlining ECA's position on the issue. In general, products were characterised by minimal errors, effective use of external data and well supported arguments.

³⁸ Davidson, E.J., (2013). Well-reasoned answers. In Actionable evaluation basics: Getting succinct answers to the most important questions (pp. 20-24). Auckland, New Zealand: Real Evaluation Ltd.

The ECA's published submissions were also reviewed against the standard set by a publication from the ACCC³⁹. This demonstrated that there was some room for improvement in areas where the comparator document was stronger. These included:

- The use of visual representations of concepts through flow charts and diagrams should be considered when reporting on more complex topics.
- A key points summary at the beginning of each chapter should be considered.
- Case studies could be included to assist in developing its arguments.

Stakeholders observed that they rely on ECA's research and find value in its outputs. In particular, representatives of market bodies were highly complementary of the quality and influence of ECA's work. Examples of high quality research given by stakeholders include the view from the ESB that ECA assisted greatly in the development of the National Energy Guarantee (NEG) and contributed strongly around affordability and timing in the ISP. Similarly, the ACCC considered ECA's input into its inquiry on retail pricing to be well consolidated and meaningful. As such, ECA has demonstrated a strong focus on providing credible evidence to inform policy makers. The ECSS was also constantly referenced throughout stakeholder interviews, an example of consistently strong outsourced research. Additionally, two key research outputs, the ECSS and the Retailer Tariff Tracker, are regarded as particularly influential by stakeholders.

At the same time, other stakeholders were critical of the extent to which ECA built visibility of its impact and activities, arguing that it does not actively disseminate its research using social media or its own website. Comments about the lack of dissemination came from people who argued they did not have time to track ECA's research. A suggestion was made that a distribution list or regular email alert summarising its areas of activity would be beneficial.

In summary, although consumers are largely unaware of ECA's outputs, consumer advocates and other stakeholders generally stated that their research is of a high quality.

Assessment

Good

Areas for improvement:

Recommendation 9)

The ECA should disseminate research findings, as they are produced, through a distribution list or weekly email feed, available to subscribing stakeholders.

Priority: Low

³⁹ ACCC's New Car Retailing Industry Final Report retrieved from https://www.accc.gov.au/system/files/New%20car%20retailing%20industry%20final%20report_0.pdf

Stakeholder Expectations

This evaluation domain aimed to answer the overarching question: *How well does ECA perform against the expectations of its stakeholders?*

Evidence was reviewed for:

- The organisation having good working relationships with both national and state based bodies?
- The organisation performing against expectations of different stakeholders (e.g. consumer advocates and government)?

Observations

To assess the performance of ECA against the expectations of its stakeholders, feedback from stakeholders was analysed. Observations aimed to build a comprehensive understanding of how relevant energy market stakeholders expect the ECA to engage with them and the NEM.

ECA operates in a complex environment with conflicting stakeholder views. While stakeholders agree that ECA is effective in undertaking the activities outlined in its constitution, stakeholder groups have stated that more can be done with respect to the activity areas of interest to them. However, these varying stakeholder expectations are managed effectively by ECA.

Stakeholders broadly agreed that ECA should be a strong voice for consumers, produce high quality and reliable research, and effectively manage the grants it administers. The majority of stakeholders reflected that ECA was performing well against these expectations. While stakeholders were relatively consistent on some themes, for others they were in direct conflict.

For example, various stakeholders suggested that ECA's constitution is too broad given the resources at its disposal. Most commonly, examples were given of the ECA not being funded enough to be accountable for building relationships with all market bodies, or for educating consumers about their energy rights and responsibilities.

At the same time, many stakeholders indicated that ECA does not take a position on issues and stated that this may be because ECA is trying not to create tension across its relationships. However, advocacy organisations and policy staff in government expressed some frustration with ECA's approach to the matters of most interest to them.

For example, as discussed above, advocacy stakeholders who do not have a reliable source of funding were strongly critical of the ECA's decision to withhold funding from ongoing advocacy activities. Similarly, those who are engaged in advocacy expressed concern that ECA is considered to be a peak body by COAG and other market bodies. While they acknowledged that ECA does not consider itself to be a peak, representatives from the market bodies and the Commonwealth and State governments noted that they look to ECA to provide a national voice for consumers, at times treating them as a peak group. For local matters, however, jurisdictional government representatives stated that they rely more heavily on consumer advocates with a strong knowledge of issues in their own state.

Government stakeholders stated that ECA should have stronger relationships with departmental stakeholders and contribute more directly to policy outcomes. Currently, ECA is taking an approach which reduces the ability for policy collaboration, using formal processes to share and receive information instead of building relationships at officer level. Similarly, a South Australian Government representative noted that while the South Australian Minister for Energy is the only member under ECA's constitution, and may therefore be called upon to account for its performance, ECA does not provide regular reporting to the Minister on its activities. The Commonwealth also noted that, unlike

the market bodies, ECA only provides formal yearly strategic plan documents such as the Annual Report and Business Plan. Government stakeholders argued that ECA would benefit from greater accountability by publishing impact analysis or reporting of what it has achieved.

Some advocates felt ECA was too close to networks, which indicated it played an insider role, preventing it from being critical of market bodies. However, representatives from the ACCC noted that ECA includes industry views to find pragmatic ways to achieve outcomes, and effectively bring together stakeholders in the sector and draw on existing advocacy. Discussions with stakeholders generally indicated that ECA works well with industry participants

There was also some discussion from advocate and government representatives around ECA's role as an observer in COAG Energy Council forums. There is a concern from advocates that this role may reduce ECA's willingness to criticise government decisions. Conversely, feedback from government officials was that ECA does not have strong enough relationships with Ministers or actively participate in these forums to leverage its influence. Specifically, representatives from the Commonwealth stated that ECA should use their position with COAG to achieve its objectives, by driving the conversation on consumer issues.

Perhaps it is unsurprising, given the contrasting roles of advocates and government officials that their views on ECA would also contrast so widely. ECA must balance these competing voices and find an appropriate middle ground between the two.

Assessment

To rate ECA's performance against the expectations of stakeholders, a separate rating relevant to each stakeholder group's perception of ECA has been assigned.

Stakeholder Groups	Rating	Commentary
Market Bodies and Regulators	Excellent	Market Bodies and Regulators consistently stated, with evidence, that ECA effectively contributes to regulatory processes and produced informative outputs.
Government	Adequate	Commonwealth and State Government representatives felt that ECA had not sufficiently provided input into policy processes or engaged with operational levels of Government.
Consumer Advocates	Good – Adequate	While some consumer advocates were highly complementary of ECA's performance, others expressed frustration over ECA's decision to cease ongoing advocacy funding, and the concern that ECA is seen as a peak. These same groups also emphasised the need for greater internal transparency of functions.
Grant Recipients	Very Good	Survey results indicated that most grant recipients were satisfied with the grant distribution process, and to a lesser extent, the grant application process.

Effectiveness of ECA's areas of operation

This evaluation domain aimed to answer the overarching question: *How effective are the ECA's organisational structure, governance arrangements and operational performance?*

Evidence was reviewed for:

- Structures and governance arrangements being fit for purpose and effective.
- Room for improvement in the operational performance of the ECA.

Observations

Governance Arrangements

The review concluded that all required skills and abilities as outlined in the constitution are covered in the current board. Board members identified the following skills to be most regular when performing their duties:

- Energy industry knowledge.
- Understanding energy consumer issues.
- Understanding the environment in which ECA operates.
- Governance and regulatory expertise.

The review also found that the mix of skills identified within the constitution is appropriate for future board members of ECA. A focus on the skills utilised most by the current board should be prioritised.

As all current ECA Board members are due to be reappointed or replaced by January 2019, a high degree of turnover of the Board will result in a period of low productivity for ECA.

The structure of the Board has been an area of tension for ECA, due to prolonged uncertainty of current members and a lack of clarity around the extent of future reappointments. ECA should prioritise the continuity of members with introduction of fresh perspectives to avoid the risk to its operations.

Stakeholder consultation revealed that ECA's constitution is unusually prescriptive, whilst also lacking clarity on key points. The following changes could be considered to improve the Constitution, and assist the effective Governance of ECA:

- Introducing a principles based approach to Board tenure, so that appointments can be made in a responsive manner and ensure staggering of new members over time.
- Introducing a discretionary approach to the number of Board meetings per year.
- Giving consideration to lifting the two day cap on chargeable days for ECA Board members, to reflect the workload required and attract quality candidates.

Organisational Structure

Regarding financial management, the review revealed the following:

- ECA is operating on a break even basis and has not made transfers through bonuses or dividends to the member.
- The company currently manages its exposure to key financial risks through ongoing monitoring of its financial instruments by management.
- ECA provides regular financial reporting to the Board. The reporting is based on variances between budgeted and actual income and expenses, and also contains monitoring of ECA's cash position and the approval of grants.

A review of ECA documentation indicates that appropriate financial management practices are in place including:

- Auditing of financial statements.
- Operating on a break even basis in line with the Constitution.
- Regular monitoring of ECA financial position risks by management.
- Review activities did not identify.

ECA staff have appropriate skills and abilities to undertake core functions of the Company. The organisational structure is fit for purpose and supports ECA's object and activities established in the Constitution. If ECA was to become larger, the organisational structure may require a greater degree of formal clarity. The review did not identify any indications that the current organisational structure or current internal communication and decision making is not fit for purpose.

Key observations from the review regarding implementation and establishment:

- ECA's Constitution and other key governance documents reflect the recommendations of Tamblyn and Ryan, and appear to have been implemented to a high degree of fidelity with the intended approach.
- ECA was established as a company limited by guarantee, and was not given tax exempt status.

Operational Performance

ECA's reported performance against performance measures in its business plans was reviewed as evidence for implementation of strategic initiatives. Key observations included:

- ECA's Business Plans identify Strategic Initiatives and Performance Measures for each of its Directorates, however, the Performance Measures are written as tasks or 'deliverables'. The Performance Measures are not outcome focused.
- The 2016-17 ECA's Annual Report does not clearly report its performance against Performance Measures in its 2016-17 Business Plan.
- Improved reporting against current Performance Measures in the upcoming 2017-18 Annual Report would increase the visibility of ECA's delivery effectiveness. The inclusion of outcome focused performance indicators as part of its 2018-19 Business Plan would improve the ECA's ability to demonstrate value.

Regarding key risks and mitigation strategies, the review found that:

- ECA has developed a strategic risk register, reflecting the ECA's broader risk environment, and mitigations are in place to treat each risk.
- ECA manages risk through policies and procedures including a fraud control framework, work health and safety framework and a Business Continuity Plan.
- ECA risk management practices are in compliance with AS/NZS ISO 31000: 2009.

In summary, the review concluded that ECA's board, organisational structure and operations are at a sufficient standard to undertake the roles and functions outlined in its constitution. Additionally, ECA staff have appropriate skills and abilities to undertake core functions of the Company, its organisational structure is fit for purpose and it has formal, agreed processes for prioritising key activities, and a coherent methodology for determining to which regulatory and advocacy issues it responds.

Assessment

Very Good

Areas for improvement:

Recommendation 10)

There are opportunities to improve ECA’s performance reporting and to demonstrate its achievement of strategic initiatives. ECA should prioritise its efforts to develop more meaningful KPIs and supporting performance narrative.

Priority: Low

Recommendation 11)

There is a risk to the ongoing operations of the ECA if the Board is subject to high turnover in a short period of time. Consideration should be given to introducing a principles based approach to Board tenure, where Board members are able to be appointed or replaced on an ad hoc basis.

Priority: High

Discussion and Proposed Recommendations

The review found that overall, ECA is effective regarding its operational performance and key areas of activity, given the conflicting stakeholder expectations of the environment which it operates in. Data indicated that ECA's key areas of operation and market involvement is effective, given the quality of staff and prioritisation of activities, despite a lack of transparency. Feedback on the research and grant activities undertaken by ECA indicates that its outputs are generally well received by the target audience, and are of high quality. The review found, however, that ECA should invest more resources toward capacity building and consumer engagement, and within the NEM, should work to draw attention to issues of best interest to consumers.

The review determined that ECA's board, organisational structure and operations are sufficient to perform its functions as required in its constitution. Additionally, evidence suggests that staff have the appropriate skills and abilities to undertake core functions of the Company. ECA's organisational structure is fit for purpose, it has explicit processes for prioritising key activities, and a coherent methodology for determining to which regulatory and advocacy issues it responds. ECA demonstrates strong stakeholder engagement, and its approach to managing risk is well developed and fit for purpose. At the same time, the ECA constitution is unusually prescriptive, there is risk to the ongoing operations of the ECA through high turnover of the board, and the ECA's performance reporting could be improved.

ECA is actively involved in issues raised by market bodies and regulators through research outputs. ECA is actively engaged in policy processes and regulatory activities in which its participation is expected. Although the extent of involvement varies across projects, ECA employs effective tools to decide how best to allocate its resources across the various policy reforms. However, ECA does not prioritise wholesale market issues to the same extent as retail and network issues. Evidence suggests that ECA's participation in NEM issues is very good, although, it requires greater transparency of the processes it takes to prioritise activities, and should regularly review its actual and expected involvement across energy sectors and all aspects of the energy supply chain.

ECA produces research of high quality, although, the materiality and impact of ECA's research for consumers is not clear from the evidence. Regarding the grants function, stakeholders agreed that ECA is currently the most appropriate organisation to undertake associated activities, and many stakeholders regarded grant allocation to be the most valuable function ECA undertakes. ECA's research is influential in regulatory processes from the point of view of the market bodies and regulators. The ECA should undertake evaluative activities to gauge the impact for consumers of its grants program, engage external probity advisors to provide assurance that its role as both a peer and a funding organisation for other advocacy groups does not introduce probity risks, and introduce detailed reporting of grant funding allocations across activities to increase transparency. The ECA should also undertake analysis into how best it can contribute to revenue determinations

ECA operates in a complex environment with conflicting stakeholder views, and faces resource constraints given market demand. Stakeholders frequently stated that ECA is effective in undertaking the activities outlined in its constitution, although government stakeholders stated that ECA should increase informal reporting to COAG ministers, particularly to the South Australian Minister for Energy. ECA effectively manages stakeholder expectations in instances where stakeholder interests were conflicted. It is recommended that ECA increase transparency of its processes and priorities through improved, frequent reporting to COAG Energy Ministers.

ECA undertakes a range of activities to build the capacity of advocacy organisations, but it does not attempt to measure its impact in this area. ECA relies heavily on its Reference Committee to understand energy consumer issues, however some advocates stated that they did not benefit from being on the reference committee. Additionally, evidence suggests ECA is not well known among consumers themselves. To assist in engaging consumers, ECA should aim to use simple language for work of a technical nature. It is recommended that ECA introduce a more rigorous and transparent performance reporting framework and seek feedback on the extent to which it has built capacity and expertise within jurisdictions.

The frequency of references to ECA’s outputs and statements within the media and public discussion demonstrates influence within the energy market. However, there are few instances where ECA is effectively driving and delivering solutions for consumers, rather than responding to issues. Government stakeholders communicated that ECA should develop stronger relationships at the operational level, enabling collaboration on key policy issues. More emphasis in ECA’s operations should be placed on providing input to informing policy at operational levels of Government through establishment of an officer level government roundtable. ECA should also increase utilisation of the ECSS, consumer advocates and technical experts, to identify and act on issues of material and strategic consequence for consumers.

In summary, there is evidence that the ECA operates effectively, despite the prescriptive nature of its constitution. Regarding its key areas of activity, stakeholders stated that ECA appears to be actively engaged in market activities. Of these activities, market regulators indicated that ECA’s research was of most value, whereas consumer advocates and grant recipients considered ECA’s grants function to be of most value. This reflects the particular interests of these stakeholders. However, ECA is thinly resourced across its areas of activity, and operates in a complex stakeholder environment with conflicting interests and expectations.

The main findings of this review are that the ECA should increase its transparency, and invest in measuring its impact across its capacity building and grants activities. Additionally, while ECA should continue to be responsive to the demands of the NEM, over time it should work to be proactive in identifying and highlighting emerging issues in a rapidly changing energy sector, and drive issues in the best interest of consumers. Despite the obstacles faced by the ECA within the NEM, it is effective in undertaking its required activities and operations, and has matured since inception.

Summary list of recommendations:

Focus	Recommendation
Market involvement	<p>Recommendation 1)</p> <p>To increase transparency of its prioritisation processes the ECA should:</p> <ul style="list-style-type: none"> a) Regularly review its actual and expected involvement across energy sectors and all aspects of the energy supply chain; and b) Improve the detail made publicly available about its strategic priorities. This should include information about its methodology for prioritising its key areas of activity. This could be released annually as part of its Business Plan. <p>Priority: Medium</p>
Market influence	<p>Recommendation 2)</p> <p>ECA should prioritise putting forward suggested rule changes to further the interests of consumers, through:</p> <ul style="list-style-type: none"> a) Evidence from consumers (ECSS), consumer advocates and technical experts being leveraged to identify those areas likely to be of greatest strategic benefit to consumers; and b) Reporting of how potential issues have been prioritised. <p>Priority: Low</p>

	<p>Recommendation 3)</p> <p>ECA should invest in improvements to its working relationship with government at all levels, to foster understanding of consumer concerns and to advocate for policy and regulatory arrangements in the interests of consumers. To do this ECA should engage operational levels of federal and state government departments through establishing a roundtable between ECA staff and Executive Level Government Officers. The roundtable should meet annually, and focus on sharing energy sector insights and jurisdictional issues.</p> <p>Priority: Medium</p>
<p>Consumer engagement</p>	<p>Recommendation 4)</p> <p>ECA should introduce a stronger focus on communication to assist individual consumers in their energy market decision making. To do this ECA should:</p> <ul style="list-style-type: none"> a) Leverage evidence from consumers (ECSS), consumer advocates and technical experts to identify those areas likely to be of greatest material benefit to consumers; b) Use this information to include a consumer focused component on its website, giving clear, actionable advice on key issues; and c) Introduce a direct communication avenue to the ECA through its website, which will enable it to understand consumer expectations and the extent to which it is successfully addressing these. <p>Priority: High</p>
<p>Building capacity and expertise</p>	<p>Recommendation 5)</p> <p>The ECA should introduce a more rigorous and transparent performance reporting framework, by publishing performance measurement of capacity building activities outlined in its constitution (research, knowledge development and consultation) as part of its annual report, and act on any areas of improvement identified.</p> <p>Priority: Medium</p> <p>Recommendation 6)</p> <p>The ECA should engage consumer advocates annually for feedback on how effectively the ECA is currently building jurisdictional expertise, and incorporate findings into the annual report.</p> <p>Priority: Medium</p>
<p>The grants function</p>	<p>Recommendation 7)</p> <p>The ECA should improve transparency of its grants program, through:</p> <ul style="list-style-type: none"> a) Improved information for grant applicants, including through providing detail about priority areas for grants funding, as well as information about its methodology for selecting applications for funding. b) Introducing detailed reporting of grant funding allocations across activities, including reporting by energy sector (electricity/gas), supply chain segment (eg wholesale, network, retail), and jurisdiction. This reporting should be included in the ECA Annual Report. c) Engaging external probity advisors to provide assurance that its role as both a peer and a funding organisation for other advocacy groups does not introduce probity risks.

	<p>d) Introducing regular impact evaluation of the extent to which the grants program is achieving tangible benefits for consumers. This should be underpinned by best practice monitoring and reporting requirements for each individual grant project. Visibility of grant performance will enable the ECA to adjust its grant prioritisation process and assess adequacy of funding over time.</p> <p>Priority: Medium</p>
<p>The grants function</p>	<p>Recommendation 8)</p> <p>To help resolve the issue of resourcing for consumer participation in revenue determinations, the ECA should:</p> <ul style="list-style-type: none"> a) Conduct analysis into how best it can contribute to revenue determinations; b) Communicate this to key stakeholders to manage expectations; and c) Use this analysis to seek further resources through COAG EC, as necessary. <p>Priority: Medium</p>
<p>Research effectiveness</p>	<p>Recommendation 9)</p> <p>The ECA should disseminate research findings, as they are produced, through a distribution list or weekly email feed, available to subscribing stakeholders.</p> <p>Priority: Low</p>
<p>Operational performance</p>	<p>Recommendation 10)</p> <p>There are opportunities to improve ECA’s performance reporting and to demonstrate its achievement of strategic initiatives. ECA should prioritise its efforts to develop more meaningful KPIs and supporting performance narrative.</p> <p>Priority: Low</p> <p>Recommendation 11)</p> <p>There is a risk to the ongoing operations of the ECA if the Board is subject to high turnover in a short period of time. Consideration should be given to introducing a principles based approach to Board tenure, where Board members are able to be appointed or replaced on an ad hoc basis.</p> <p>Priority: High</p>

Appendix 1 – Consulted Organisations

A number of stakeholders have been invited to take part in consultations in the course of this review. These included:

Representatives from ECA, including:

- The chair of the board
- All current board members
- The CEO
- All current Internal Directors
- All current members of ECA Reference Committee, including representatives from:
 - Queensland Council of Social Services (QCOSS)
 - Bundaberg Canegrowers Ltd.
 - Tasmanian Council of Social Services (TASCOSS)
 - South Australian Council of Social Services (SACOSS)
 - St Vincent de Paul Society, Victoria
 - Consumer Action Law Centre (CALC)
 - Public Interest Advocacy Centre (PIAC)
 - New South Wales Farmer’s Association
 - Tasmanian Small Business Council

Market Bodies, Regulators and others in the energy industry:

- Australian Competition and Consumer Commission (ACCC)
- Australian Energy Market Commission (AEMC)
- Australian Energy Council (AEC)
- Australian Energy Regulator (AER)
- Energy Networks Australia (ENA)
- Energy Security Board (ESB)
- Major Energy Users Association (MEUA)
- Queensland Electricity Users Network (QEUN)
- Australian Energy Market Operator (AEMO) was invited to participate however no input was received.

Government officials:

- Commonwealth Government
- Tasmanian Government
- New South Wales Government
- South Australian Government
- Victorian Government

Energy Ombudsman from all States and Territories were invited to participate however no input was received.

All grant applicants were invited to participate. 35 out of a total of 87 applicants responded.

Written Submissions were received from the following organisations:

- Government of Queensland - Provided a brief submission to the COAG Secretariat
- Queensland Electricity Users Network (QUEN)
- Bundaberg Canegrowers Ltd
- Business SA
- Australian Renewable Energy Agency (ARENA) - Provided brief input during the final phase of the review.

Appendix 2 – Readability and Clarity of ECA Documents

ECA Documents	Flesch Reading Ease	Flesch-Kincaid Grade Level*
ECA - Driving Change: What caused low income consumers to change behaviour ⁴⁰	26.3	14.4
ECA- ECSS Key Findings June 2017 ⁴¹	40.1	11.7
ECA- Multiple impacts of household energy efficiency ⁴²	22.8	14.7
ECA- QLD electricity distribution networks Tariff Structure Statements ⁴³	27	13
ECA- Finkel Review Submission ⁴⁴	22.5	17.3
ECA- Submission to Transgrid revenue determination ⁴⁵	15.9	17.5
ECA- Response to AER Draft Rate of Return Guideline Submission ⁴⁶	40.8	13
ECA- Regional Listening Tour Report 2016 ⁴⁷	45.1	12.1
Comparator Documents		
Department of Agriculture- Grant Application Guidelines ⁴⁸	28.2	14.0
ACCC- New Car retailing industry final report ⁴⁹	25.8	15.5
Commonwealth Superannuation Corporation- Death and Invalidity Benefits ⁵⁰	40	12.9
Attorney-General's Department- Privacy Impact Assessment ⁵¹	25.9	15.1
AEMC- Final Rule Determination ⁵²	36.3	13.2
Score	School level	Interpretation
100.00 – 90.00	5th grade	Very easy to read
90.0 – 80.0	6th grade	Easy to read
80.0 – 70.0	7th grade	Fairly easy to read
70.0 – 60.0	8th & 9th grade	Plain English
60.0 – 50.0	10th to 12th grade	Fairly difficult to read.
50.0 – 30.0	College	Difficult to read
30.0 – 0.0	College graduate	Very difficult to read

*number of years education required to understand the text

⁴⁰ Energy Consumers Australia. (2018). Driving Change: What caused low-income consumers to change behaviour. [online] Retrieved from: <http://energyconsumersaustralia.com.au/publication/driving-change-caused-low-income-consumers-change-behaviour/>

⁴¹ Energy Consumers Australia. (2018). Energy Consumer Sentiment Survey Findings: June 2017. [online] Retrieved from: <http://energyconsumersaustralia.com.au/publication/energy-consumer-sentiment-survey-findings-june-2017/>

⁴² Energy Consumers Australia. (2018). Multiple Impacts of Energy Efficiency: An Assessment Framework. [online] Retrieved from: <http://energyconsumersaustralia.com.au/publication/multiple-impacts-energy-efficiency-assessment-framework/>

⁴³ Energy Consumers Australia. (2018). QLD electricity distribution networks' Tariff Structure Statements. [online] From: <http://energyconsumersaustralia.com.au/publication/qld-electricity-distribution-networks-tariff-structure-statements-2/>

⁴⁴ Energy Consumers Australia. (2018). Finkel Review Submission. [online] Retrieved from: <http://energyconsumersaustralia.com.au/publication/finkel-review-submission/>

⁴⁵ Energy Consumers Australia. (2018). TransGrid Revenue Determination 2018-23: Submission. [online] Retrieved from: <https://energyconsumersaustralia.com.au/publication/transgrid-revenue-determination-2018-23-submission/>

⁴⁶ Energy Consumers Australia. (2018). Review of the rate of return guideline: Submission. [online] Retrieved from: <http://energyconsumersaustralia.com.au/publication/review-rate-return-guideline-submission/>

⁴⁷ Energy Consumers Australia. (2018). Community Listening. [online] Retrieved from: <https://energyconsumersaustralia.com.au/projects/community-listening/>

⁴⁸ Agriculture.gov.au. (2018). Healthy-headwaters. [online] Retrieved from: <http://www.agriculture.gov.au/water/mdb/programs/qld/healthy-headwaters>

⁴⁹ Australian Competition and Consumer Commission. (2018). New car retailing industry market study - final report. [online] Retrieved from: <https://www.accc.gov.au/publications/new-car-retailing-industry-market-study-final-report>

⁵⁰ Csc.gov.au. (2018). Insurance & Cover. [online] Retrieved from: <https://www.csc.gov.au/Members/Insurance-and-cover/>

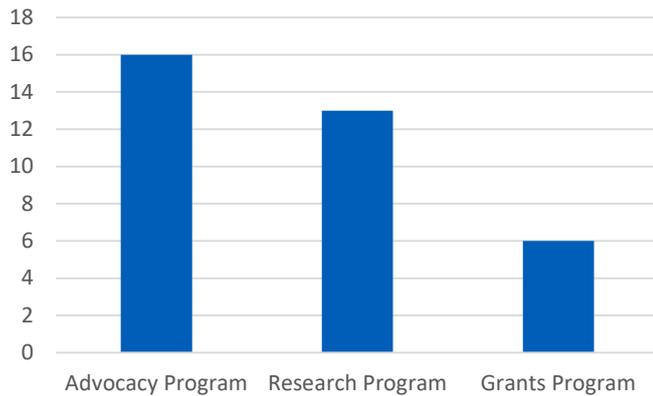
⁵¹ Homeaffairs.gov.au. (2018). Document Verification Service. [online] Retrieved from: <https://www.homeaffairs.gov.au/about/crime/identity-security/document-verification-service>

⁵² AEMC. (2018). Network Support and Control Ancillary Services. [online] Retrieved from: <https://www.aemc.gov.au/rule-changes/network-support-and-control-ancillary-services>

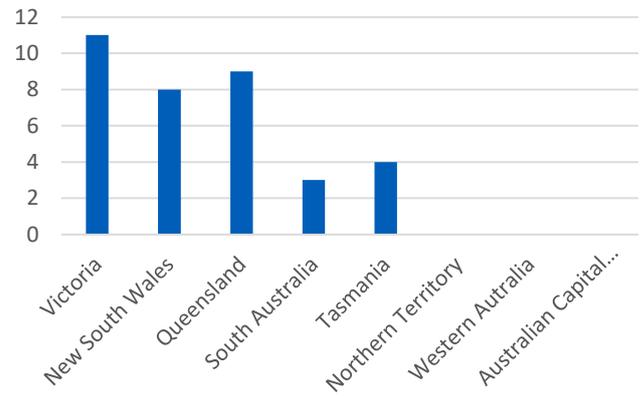
Appendix 3 - Grant Recipient Survey

The Grant Recipient Survey was conducted through Survey Monkey. The survey was live for 30 days and was sent to a list of 87 grant applicants provided by ECA, of whom, 35 responded. Overall, there was positive sentiment for both the grant application process, with the exception of the process being time consuming, and in all aspects of grant distribution. Approximately 75 per cent of applicants have applied more than once, however only 55 per cent of applicants received more than one grant. Responses were as follows:

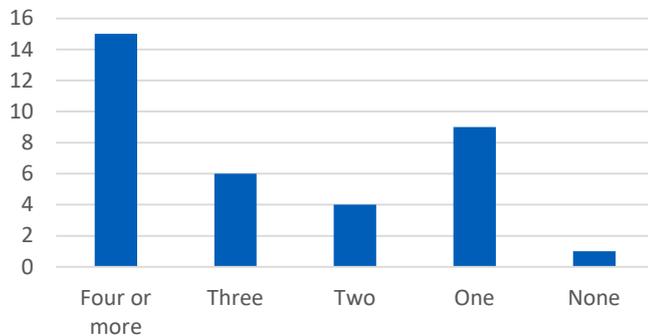
Did you receive funding under the Advocacy, Research, or CEO Grants programs?



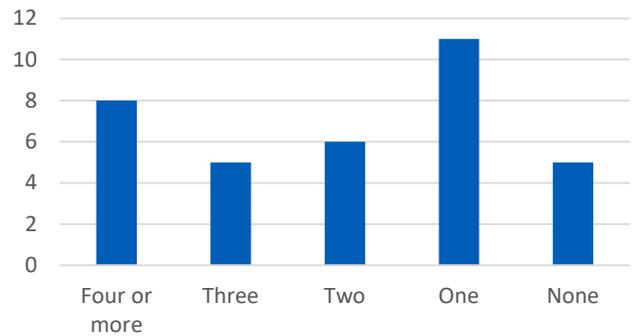
Which State are you located in?



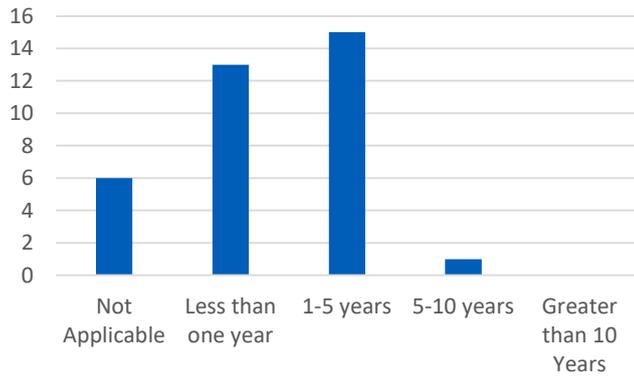
How many ECA grants have you applied for?



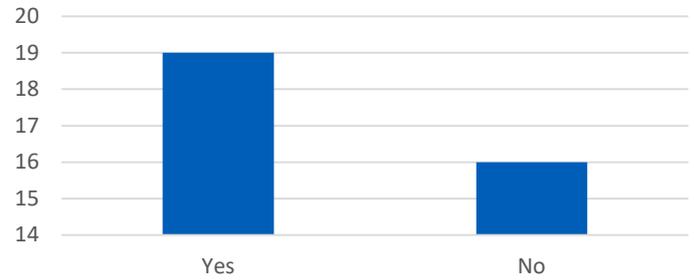
How many grants have you received from the ECA?



How many years did you receive funding for?

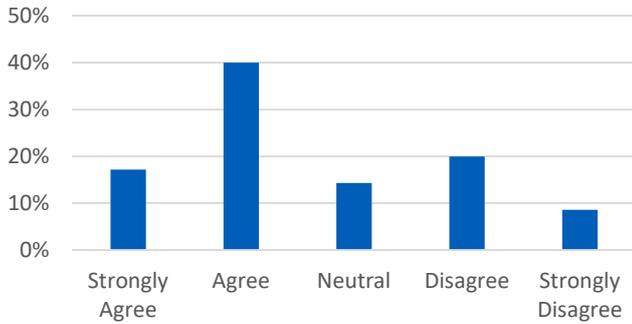


Did you receive funding under the consumer advocacy panel? (The consumer advocacy panel administered grants from 2004 until 2015, to facilitate consumer advocacy in the national electricity and gas markets)

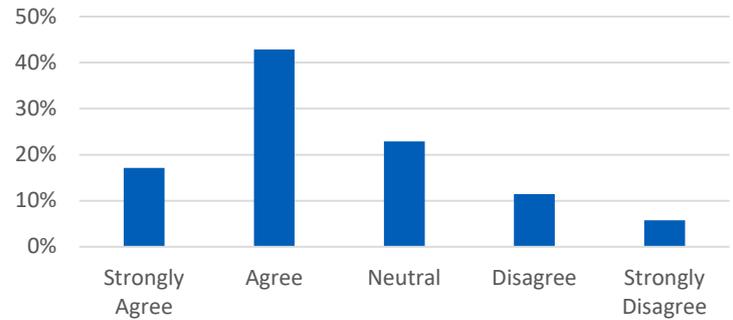


Grant application process:

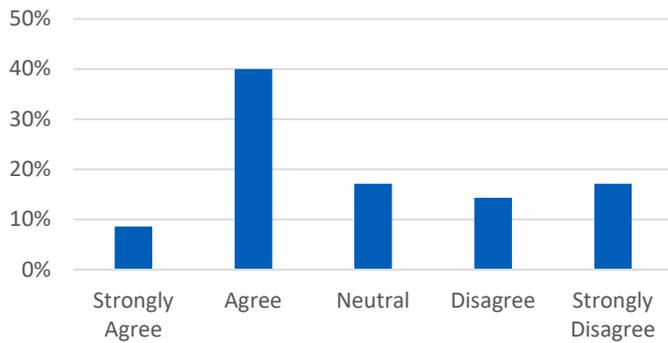
The outcome of the application was received in a timely manner



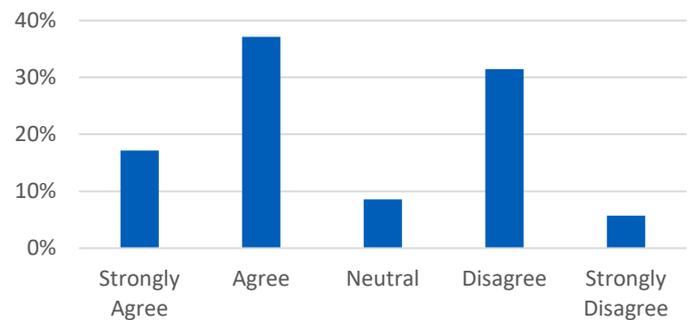
The application process was easy to navigate and not overly complex



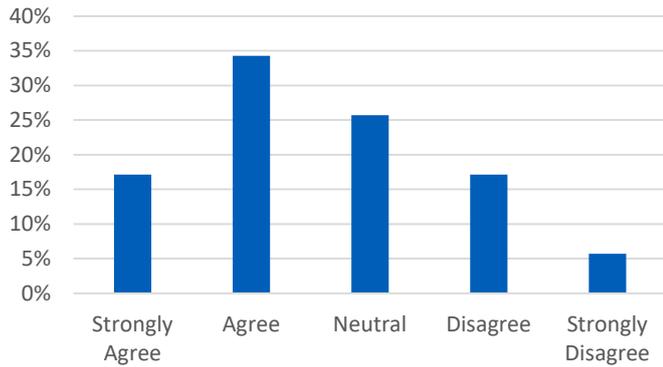
Feedback received from the application was helpful and of a high quality



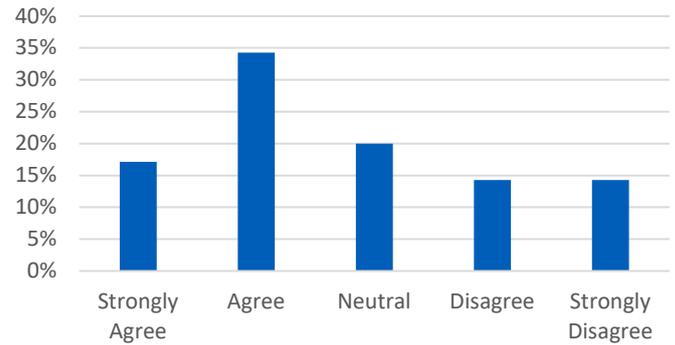
The application process was not overly time consuming



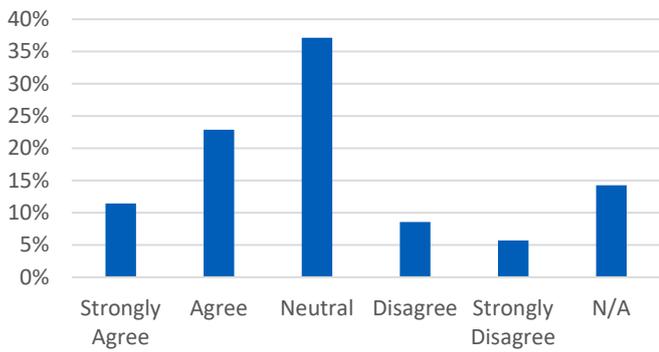
The overall application process was of a high standard and quality



The eligibility and selection criteria are appropriate and target the right priorities

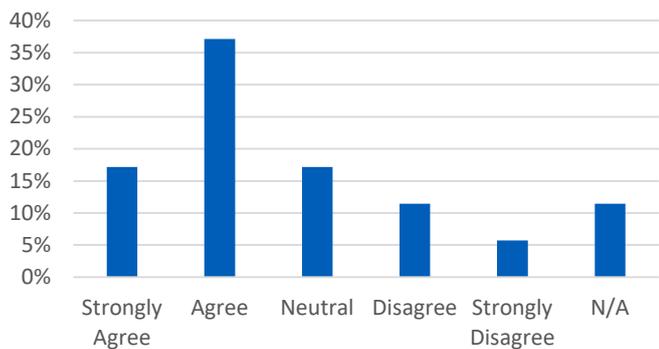


The ECA allocates grants to the strongest proposals

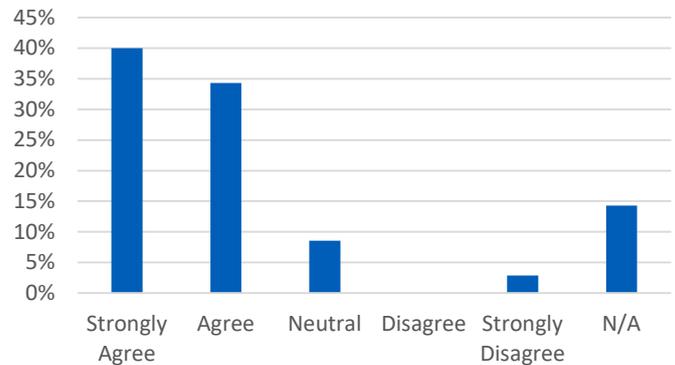


Grant distribution process:

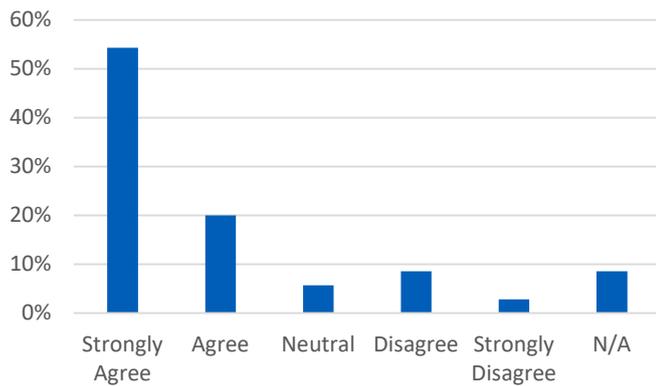
The overall grant distribution process was of a high standard and quality



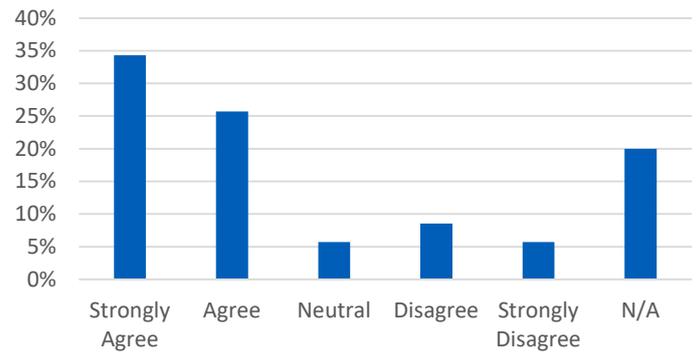
Grants were paid in a timely manner



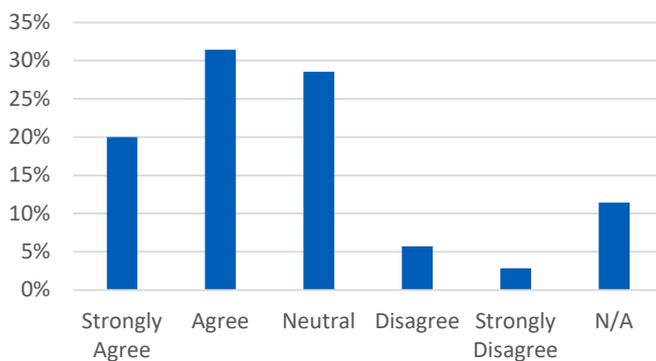
ECA grant funding has been important to my organisation



Issues and concerns relating to the grants were efficiently resolved



Communication relating to grants were streamlined and of a high standard



Additional information provided by respondents.

Common themes in responses:

- ECA was flexible around project start dates and general administration.
- ECA’s staff are professional and open to discussion.
- Feedback is often delayed or unclear.
- Reacting to the energy market is difficult due to the lengthy ECA timeframes (what could be a priority now may not be a couple of months later).
- The requirements and primary issues ECA wishes to address are at times unclear, making it difficult to tailor the research.

Summary:

Overall, there was positive sentiment for the grants application process with the exception of the process being time consuming. For the grant distribution process, there was very positive sentiment in all aspects. Additionally, positive comments received indicated that ECA has friendly, professional staff. The main issues highlighted in the free-text response section were focused on a lack of timeliness and clarity around grant requirements and feedback from grant applications.

Appendix 4- ECA Review Evaluation Advisory Committee

An advisory committee was established as per the Terms of Reference, comprising members nominated by participating jurisdictions. The Committee included a representative from:

- South Australian Government
- QCOSS
- AER
- Australian Renewable Energy Agency (ARENA)

The committee was consulted and provided input and feedback on the Evaluation Framework and Draft Report.



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