



Commentary

1 June 2020

Striving for meaningful stakeholder engagement

Australia's energy market frameworks are complex and constantly evolving. In this changing landscape, it's more important than ever to ensure that the policy decisions and regulatory frameworks reflect consumer expectations.

There are multiple legislative and regulatory frameworks that guide energy interactions. Not just the three national laws and rules – the National Electricity Law and Rules, National Gas Law and Rules and the National Energy Retail Law and Rules – there are also Australian standards, jurisdictional regulations and countless guidelines and schemes that govern the safety, security, reliability and price of energy and energy products.

Overseeing the national policy settings are the state and territory governments along with the Commonwealth, together forming the Council of Australian Governments' (COAG) Energy Council. The Energy Council is supported by the national market bodies:

- the Australian Energy Market Commission (AEMC) (the rule making body)
- the Australian Energy Market Operator (AEMO) (who runs the daily operations)
- the Australian Energy Regulator (AER) (the enforcement body)
- and the latest addition, the Energy Security Board (providing whole of system oversight for security and reliability).

These national bodies are complemented by jurisdictional equivalents – the state and territory governments, and local safety and price regulators.

In addition to a complex regulatory environment, the energy markets themselves are becoming increasingly complex. The traditional way consumers interact with energy is changing. More than two million households and businesses are now generating their own power. New energy service models are emerging that seek to help people manage their energy use, integrate new 'smart' technologies, and trade or share energy. This is a paradigm shift built on innovation that holds great promise for consumers that want greater control of the way they use energy; how much it costs and where it comes from.

However, as we have seen in other sectors, disruption creates value but it also creates new risks for consumers that need to be managed. New services don't necessarily fit neatly into the traditional categories of 'generator', 'network' or 'retailer' and, as a result, may not be covered by regulatory and consumer protection frameworks that were built on old assumptions about roles and responsibilities in a centralised, one-way system. As technologies develop, there's a continuous need to review the requirements to ensure they remain fit-for-purpose.

Each of these change processes, each of these market bodies and regulators, goes through its own consultation process, to ensure that the requirements appropriately balance consumer protections, industry costs and operational efficiency.

For years, interested stakeholders, and in particular advocates, have found it difficult to meaningfully engage and provide effective energy consumer advocacy. Competing timelines, complex issues and limited resources have made it difficult for advocates to ensure a strong consumer voice is heard.

In our view, to be effective, consultation needs to be:

- Genuine – willing to consider all views that are presented in the consultation process,
- Accessible – allowing stakeholders to easily contribute to the process by providing sufficient, easy to understand information, and
- Not overly burdensome – recognising that consultation(s) can impose demands on stakeholders who may not have the resources ready to participate.

Which is why it is pleasing to see the energy market bodies, the AEMC, AEMO and AER, are all looking to facilitate better consultations. In recent months, these bodies have adopted a more flexible approach to consultation. In some cases, this means allowing verbal submissions in order to avoid the burden of a written document, others have held specific consumer advocate consultation forums.

One key development has been the recent joint effort by the bodies to review and coordinate their work programs in light of the pressures on industry and consumers that the coronavirus pandemic has brought. The three market bodies have collaboratively reviewed the timeframes for the ongoing market reforms, with a view to lessening the burden.

This task has been extremely valuable. In looking to prioritise certain reforms, the open, transparent process has also made more visible the interactions between the various processes. This helps stakeholders and market bodies to see the reforms as a package, with interdependencies between them and has allowed the market bodies to see where reform processes can overlap and be overly burdensome on stakeholders. For the stakeholders themselves, it has given them a helicopter view, helping them to prioritise their resources both in terms of having sufficient resources to participate in the essential reforms and in meeting the various and often competing deadlines.

This is a solid step towards improving the consultation processes for those stakeholders, particularly consumer advocates, who are increasingly being stretched. Looking forward, we would welcome the market bodies continuing to provide the consolidated overview of the reforms underway. Further, it would be great to have similar visibility over Energy Council, Commonwealth and state and territory reforms. In our view, such a resource would be a significant development towards effective stakeholder consultation in such a complex market and would demonstrate further commitment towards pursuing a market which meets consumer expectations.

Helpful links for policy reviews, regulatory process and inquiries

- [AEMC — Our forward-looking work program](#)
- [AEMC — Calendar](#)
- [AER — Prioritising implementation timeframes: a more detailed view](#)
- [AER — Customer Consultative Group](#)
- [AER — All Projects](#)
- [AER — Project timetable: Regulatory determinations](#)
- [AEMO — Consultations](#)