

# NATIONAL ELECTRICITY CONSUMERS ADVOCACY PANEL

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## FUNDING CRITERIA AND FUNDING APPLICATION GUIDELINES

### 1 Preamble

#### 1.1 The Panel

The National Electricity Consumers Advocacy Panel (the Panel) was developed by the National Electricity Code Administrator (NECA) in 2001. NECA stated that “(e)nd use customers have the same rights to be involved in national electricity market decision making as participants in the market”<sup>1</sup>.

Clause 8.10 of the National Electricity Rules (the Rules) establishes the Panel and its membership, defines its functions and specifies governance arrangements. The Panel is responsible for determining the total resources to be available for funding of end-user advocacy, establishing criteria and guidelines for applications for funding and allocating funds in accordance with the criteria and guidelines.

The following Funding Criteria and Funding Application Guidelines are published pursuant to clause 8.10 of the Rules and draw on that clause of the Rules.

#### 1.2 Objectives of funding support

The National Electricity Law contains a national electricity objective - to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to—

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

The prime objective of funding support is to increase end-user input into consultation processes towards the longer term goals of increased end-user involvement in the national electricity market and ensuring that the market achieves the long term interests of consumers.

The Panel aims to increase the overall resources committed by end-users to advocacy and not be a substitute for resources which end-users would otherwise commit. It also seeks to achieve effectiveness, balance and diversity in advocacy that is responsive to issues arising in policy formulation, market reform and regulation, Rule change, and the conduct and operation of the electricity market.

### 2. Funding criteria

Based on the principles set down in clause 8.10.6 of the Rules, the Panel has determined the funding criteria listed below.

#### 2.1 Diversity

An objective of funding support is to achieve diversity in respect to:

- The number of end-users represented;
- The nature of the interests represented; and
- The issues that are the subject of approved applications for funding.

Diversity in the number of end-users represented is taken as diversity in the number of classes and sectors, and geographical locations, of end-users.

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<sup>1</sup> NECA, *End-user advocacy in the national electricity market*, Final report, December 2000, p2

Diversity in the nature of interests represented is taken as diversity in the range of end-user interests represented in successful applications (e.g. the interests of various categories of business and domestic end-users, etc).

Diversity in the issues which are the subject of applications for funding is taken as including diversity in the issues arising within the different sectors of the electricity industry, the Rules and the national electricity market generally.

## **2.2 Eligible projects**

Eligible projects are those that address issues that relate to the promotion of efficient investment in, and efficient use of, electricity services for the long term interests of consumers of electricity in the national electricity market with respect to price, quality, safety, reliability and security of supply of electricity and the reliability, safety and security of the national electricity system.

An eligible project should employ end-user advocacy as a means of achieving its ends.

Eligible projects must:

- Relate to the development, design or policy behind the national electricity market or the Rules; or
- Relate directly to:
  - the responsibilities of the AEMC or the National Electricity Market Management Company (NEMMCO) under the National Electricity Law and the Rules; or
  - the monitoring, investigation or enforcement responsibilities of the Australian Energy Regulator (AER) or functions of the AER relating to the exemption from registration of network service providers, under the National Electricity Law and the Rules; or
- Have implications for the national electricity market as a whole.

Commencing April 2007 the Panel will publish for consultation a summary of the work programs that the principal regulatory authorities and policy-making bodies plan to undertake in the next financial year. The summary will be a guide for potential applicants as to issues they may wish to consider addressing either as individual projects or as part of their on-going advocacy programs.

Projects may relate to advocacy/capacity building and to other advocacy projects.

Advocacy/capacity building projects address longer term issues and involve creating and sustaining the capacity of applicants to be involved in and contribute to advocacy on behalf of end-users on issues which fall within the Panel's funding criteria e.g. long term funding of a salaried officer for advocacy/capacity building within an end-user organisation or of a retained consultant for a defined long term project. An applicant should show how the capacity of the organisation to advocate on behalf of end-users will be increased in the long term.

Applications for advocacy/capacity building projects for the following financial year will be considered each May. Applications for funding in the current financial year will be considered at any time but if approved, will only be approved for the period to 30 June next.

Other advocacy projects, including projects commissioned by the Panel, will address matters which may arise from time to time in relation to consultation or inquiry processes associated with energy market reform, regulation and Rule change or other market issues. When commissioning its own projects, the Panel will avoid unnecessarily duplicating the work of end-user advocates and may consult with advocates on the necessity for and objectives of the projects.

At the present time the Panel notes that the interests of consumers in regional areas (for example domestic, business, and local government consumers) are not well represented in current applications.

### 2.3 Eligible applicants

The funds of the Panel are available for advocacy by or in the interests of domestic, commercial or industrial consumers of electricity (end-users) supplied through the national electricity market.

To be eligible to receive funding an applicant must be in a position to represent the common interests of a reasonable number of end-users. For this purpose end-users are:

- Direct members of an applicant body, where the body is recognised as an organisation representing end-users;
- Members of organisations supporting an application, where those organisations are recognised as representing end-users;
- End-users whose interests are likely to be affected in common with the direct members;
- In the case of a non-representative body that is an applicant, such as a consultant or a single end-user, end-users in whose interest the applicant proposes to carry out a project.

The Panel's preference is to fund end-user organisations but applications by non-representative bodies will be considered.

The reasonableness of the number of end-users whose interests are represented will be considered in the context of a particular application, having regard to:

- The relationship of that number to the overall number of end-users, e.g. some applications will be in the interests of all end-users or a very large portion of domestic and or business end-users;
- The implications for the efficiency and effectiveness of the national electricity market of the interests in question of those end-users;
- The special needs or circumstances of those end-users.

The applicant may be:

- A representative organisation acting on behalf of a reasonable number of end-user members;
- An organisation or person acting in the interests of a reasonable number of end-users.
- An organisation or person applying to carry out a project or commission for or on behalf of the Panel.

### 2.4 Funding and co-payment

Funding support will be limited to 80% of the budgeted cost of a project for business end-users and 90% of the budgeted cost of a project for domestic end-users (less than 40 mega watt hours). The applicant must therefore fund a share of the project costs from a source other than funding provided by the Panel (the co-payment).

Non-financial contributions in lieu of direct pecuniary contributions are permissible provided the resources are fully allocated to the project for the specified period and the cost of the resources allocated is consistent with the level of service provided.

The Panel may, at its discretion, reduce or waive the applicant's co-payment and for this purpose will have regard to factors such as whether;

- The applicant has access to any other funds;
- The outcome of the project is considered to be of benefit to the majority of end-users;
- Additional expenditure by the Panel can be justified by the expected benefits of the project;
- The ultimate benefits of the project are long term.

## **2.5 Project plan, records and reporting**

To be eligible for funding an applicant must:

- Submit an application which conforms with the guidelines set out below;
- Maintain and make available to the Panel records of the expenditure incurred on the project; and
- Publish a report on the project.

Details of these requirements are set out below.

## **3 Funding application guidelines**

### **3.1 Name and representation**

An application must state the name of the applicant and how it is eligible for funding under criterion 2.3 and separately indicate any bodies which have expressed support for the proposed project. Any expression of support for the proposed project from an organisation, and on which the applicant relies to meet relevant criteria, should be confirmed in writing from the organisation and the correspondence included with the application form.

### **3.2 Description of the project**

The objectives and scope of the project for which funds are sought must be described to show how it is eligible under the Panel's funding criteria and, in particular, the applicant should address the Panel's diversity (section 2.1), project eligibility (2.2), and applicant eligibility (2.3) criteria.

The application should describe:

- The title for the project and include a succinct description of the project proposed to be undertaken;
- The outputs of the project e.g. a study or other work to be produced including how and when it will be published;
- The planned outcomes of the project in terms of what the applicant expects to achieve as a result of the project, including the timing of significant milestones in major projects;
- How the applicant and the Panel will evaluate the planned outputs and outcomes of the project;
- The plan for communication or advocacy to the appropriate authority or decision-maker;
- The benefits to end-users of the proposed project.

Applications relating to consultations on energy market reform should address priorities identified from time to time by the Ministerial Council on Energy or the Standing Committee of Officials.

### **3.3 Work program and budget**

The work program for the project should be outlined including:

- a) The budget and any related income;
- b) The timetable for the project by key elements including the expected date of commencement and completion of the project;
- c) The time commitment and cost of each consultant or staff to be engaged in the project;
- d) The actual or required qualifications and capability of consultants and/or professional staff who will carry out the specified work;
- e) The cost of disbursements such as travel, conference rooms, printing and telecommunications;

- f) The cost of in kind support including project management and supervision by the applicant and how the inclusion of in kind support meets criterion 2.4;
- g) The proportion of budgeted funds sought, the timetable and milestones for which progress payments are to be made;
- h) The arguments in support of any application for waiver of the applicant's co-payment.

The application should explain how value for money is ensured. As a general rule, if consultants are to be engaged, it is expected that applicants will seek competitive quotes from at least two potential providers of consulting services for projects over \$40,000 in value and provide a detailed written analysis of at least three tenders for projects of over \$100,000 in value.

If consultants are to be appointed after approval of an application, the application should state the procedures that will be adopted to appoint consultants and the basis on which the cost estimate for consultants included in the budget was calculated. The Panel may also require the applicant to provide a report as to the reasons the successful consultants were chosen.

### **3.4 Preparing and submitting applications**

The responsibility for submitting applications is with the applicant. Applicants or prospective applicants may seek assistance from the Panel's Executive Officer in ensuring compliance with these criteria and as to past or anticipated projects. An applicant may, through the Executive Officer, seek advice from a Panel member on these matters but may not seek to involve the member as agent, broker or consultant to the project, whether paid or unpaid. An applicant may submit a draft application to the Executive Officer for the purposes of the above assistance.

Applications must be submitted on the form available from the Panel's website at [www.advocacypanel.com.au](http://www.advocacypanel.com.au).

Where possible, an application should be submitted in electronic form. The application should include discussion of each matter under headings corresponding to matters a to h in 3.3 above. The application should address any other relevant criteria. Applications, apart from qualifications (item 3.3 d above), should comprise no more than eight pages, where practical.

The Panel may seek additional details from an applicant.

Applications should be addressed to:

The Executive Officer  
National Electricity Consumers Advocacy Panel  
PO Box 43  
Surrey Hills Vic 3127  
Tel: 03 9899 5111 Email: [info@advocacypanel.com.au](mailto:info@advocacypanel.com.au)

## **4 Determination of applications**

When assessing an application, the Panel will apply the criteria and funding objectives listed above in considering the eligibility of the applicant and the project. The Panel will also consider the priority of the project in relation to the funds available for allocation to projects.

When prioritising applications for funding, the Panel will consider matters such as:

- The potential impact of the project outcomes as opposed to the project's cost;
- The importance of the issue to end-users;
- The likelihood the project will influence decision-makers;
- The likelihood the project will increase diversity of end-users' views;
- The importance of end-users' views being heard on the issue which is the subject of the application;
- In relation to requests for funding of staff positions, the effect of the project on the capacity of the applicant to advocate in future on behalf of end-users.

Funding may be granted in whole or as to part only and on conditions, including that the project be modified.

The Panel will meet at least quarterly to determine applications and will regulate its meetings and conduct its business in accordance with the Rules and any guidelines published on its website. The date of the Panel's next meeting will be published on its website together with the date by which applications must be received by the Panel in order to be considered at the meeting.

#### **4.1 Conditions**

An application may be approved subject to certain conditions in order to make express an aspect of the project approved, such as the scope, timetable or other aspect of implementation, or to make a project come within these criteria.

#### **4.2 Agreement**

The Executive Officer will prepare an agreement between the applicant and the Panel to give effect to its grant of funding for an approved application. A pro forma agreement is available at [www.advocacypanel.com.au](http://www.advocacypanel.com.au).

Where considered necessary in order to expedite consideration of an application, the Panel may consider the application at a telephone conference or by email vote.

The Panel will provide reasons where an application is rejected or deferred.

### **5 Execution**

#### **5.1 Records**

A successful applicant must maintain and make available to the Panel appropriate records, accounts and reports on the expenditure of funding provided by the Panel. The Panel may require a successful applicant to conduct an audit of its financial records, accounts and expenditure reports. The Panel will bear the cost of the audit.

Where relevant, the Panel may require that copies of invoices submitted to the applicant by the consultant it engaged for the project be provided to the Panel with the applicant's claim for payment.

#### **5.2 Reporting**

A project should be completed in accordance with the timetable and other terms agreed between the applicant and the Panel. The applicant must keep appropriate records and provide progress reports as set out in the funding agreement.

A successful applicant must within two months of the completion of the project or as soon as practicable after receipt of a written request for a report from the Panel publish a report setting out:

- The purpose of the project;
- The issues considered and the outputs and outcomes of the project as evaluated (see Section 3.2); and
- The costs and expenses of the project.

An electronic copy of the report or study comprising the advocacy in the project must be given to the Panel on completion. For advocacy comprising oral submissions, the speaking notes or a transcript of the submissions should be provided to the Panel within one month of submission.

The Panel will publish on its website reports, studies and submissions funded by it. In due course the results of advocacy should be advised to the Panel.

#### **5.3 Evaluation**

The Panel may, at its discretion, seek an independent evaluation of a work funded by it and may raise with the applicant any relevant issues arising from the evaluation.

The Panel has implemented a process for regularly evaluating the effectiveness of projects that it funds details of which can be obtained from the Panel's website at <http://advocacypanel.com.au/applications.htm>.

The purpose of the evaluation process is to:

- improve the effectiveness and efficiency of advocacy by providing specific feedback and guidance to applicants whose work is evaluated and by providing a general 'lessons learnt' available to all applicants;
- provide information on the effectiveness and efficiency of the Panel's funding program.

Evaluations are conducted of a sample of the projects and programs the Panel funds. Generally, the sample is randomly selected based on the quantum of the project budget although the Panel may also select particular projects for evaluation where it sees a need to do so.

Evaluations are conducted by a suitable experienced external resource. The evaluator consults with the stakeholders involved in the project in order to evaluate its effectiveness. The stakeholders include the funded applicant and bodies such as the AEMC, AER, MCE and SCO, and other organisations to which the advocacy was directed.

Evaluations begin with a review of the project completion reports provided by applicants. The outputs and outcomes reported by the applicants are compared against those outlined in the applications for funding in order to arrive at a preliminary evaluation of the effectiveness of the projects.

The Panel will advise applicants whose projects are to be evaluated and will involve them in the process and seek their comments on the evaluation reports. The final evaluation reports are usually be published on the Panel's website.

10 April 2008