

# NATIONAL ELECTRICITY CONSUMERS ADVOCACY PANEL

## DRAFT STRATEGIC PLAN 2007 - 2009

### ***Introduction***

The National Electricity Consumers Advocacy Panel (the Panel) commenced funding advocacy projects in May 2003 and to 10 September 2007 had allocated a total of \$5,787,583 to 170 projects.

The Panel is now entering a period of significant change in its governance and funding allocation responsibilities as a result of legislation<sup>1</sup> that is expected to be enacted in the near future. The Panel has therefore prepared this strategic plan in order to identify its priorities and to provide a focus for its activities in the near future.

In developing the strategic plan the Panel has considered its purpose, values, and vision in order to identify its key result areas. In order to evaluate its progress, the Panel has developed performance indicators to monitor the implementation of the strategic plan. The Panel has also considered the context of the energy market to identify issues that will impact on its operations and responsibilities in the near term.

In order that the Panel is transparent with stakeholders about its direction and priorities, the strategic plan is being published for the information of and comments by stakeholders and will be reviewed in the light of any comments.

### ***Purpose***

The Panel's purpose is to facilitate end-user advocacy in the national electricity market so the views of all classes of end-user can impact on decision-making on market policy and regulation.

### ***Values***

The Panel is committed to:

- Effectiveness and efficiency in its funding allocation;
- Integrity - the Panel's decisions are ethical, impartial, and honest;
- Diversity - the Panel supports access and equity of advocacy for all classes of end-user in the national electricity market;
- Accountability - the Panel operates in a way that is transparent, consistent, cost-effective and demonstrates good corporate governance.

### ***Vision***

The Panel's vision is a national electricity market in which decisions fully reflect the interests of all end-users and where:

- Decision-makers are informed in their decision-making of the interests of all classes of end-user;
- The capability of end-user advocacy groups is developed to a highly competent and sustainable level;
- Funding is spread across regions and end-user classes according to need;
- A robust project evaluation process assists the Panel's decision-making in order to maximise quality outcomes from funding allocations;

1. The AEMC Establishment Act is being amended to include new governance arrangements for the Panel and to extend the its powers to include funding of advocacy on natural gas issues and the commissioning of research on issues relevant to electricity and gas consumers.

- A vibrant research program operates and is open to contributions from a range of disciplines;
- The Panel operates cost-effectively and maximises the funds available for advocacy;
- The Panel's decisions are transparent and it communicates decisions promptly, clearly and pro-actively and responds promptly to issues raised.

### **Key result areas**

- **Project funding**

#### **Actions**

- Review the capacity building funding allocation strategy for January-June 2008 following the evaluation of two projects being undertaken in 2007;
- Reorganise project funding in order to align it with the Panel's strategic intentions;
- Gas
  - Develop for budgetary purposes a methodology for allocating joint administrative and project costs to electricity and gas funding sources;
  - Integrate gas advocacy and research:
    - a. Develop a gas advocacy agenda, as has been done for electricity;
    - b. Scope the potential gas advocacy projects for January to December 2008 in order to develop an initial gas advocacy budget for recommendation to the MCE;
    - c. Arrange a briefing for the Panel on the gas industry structure and regulation – involve regulators, policy makers, and advocates;
    - d. Plan a communication strategy to advise applicants of the Panel's role in gas advocacy including procedures and timelines;
    - e. Develop funding criteria and application guidelines for gas projects.

- **Building the capacity of advocacy groups**

#### **Actions**

- Increase the range and number of advocacy groups that apply for funding;
- Promote the Panel's resources to groups of end-users who are currently under-represented;
- Review the capacity building strategy as a result of the evaluation of capacity building projects;
- Consult with stakeholder groups about innovative capacity building approaches and fund a trial of such an approach.

- **Research**

#### **Actions**

- Develop a research agenda in conjunction with stakeholders;
- Commission initial research initiatives in 2008/2009.

- **Evaluation of projects**

- Actions**

- Evaluate another project in addition to the two capacity building projects being evaluated in 2007;
    - Conduct evaluations that will be comprehensive, realistic, acceptable to those being assessed, and economical in cost;
    - Conduct evaluations in proportion to funding allocations e.g. if 70% of funding is for capacity building, then 70% of the evaluation budget should be directed to those projects;
    - Use the results of the evaluation process to improve funding allocation decisions and improve future advocacy.

- **Panel operations**

- Actions**

- Enhance the process for scoping the Panel's annual advocacy agenda by including consultation with a wider range of stakeholders such as local government organisations, relevant industry associations and other end-user representative bodies;
    - Enhance the reporting and budgetary systems by:
      - a. Further developing the current funding budgetary model so it takes into account current and anticipated needs to arrive at an allocation of the funding budget between different types of advocacy (capacity building and individual projects) and across different issues, and between research, evaluation and administration;
      - b. Reviewing the allocation of the project funding budget annually using feedback from the evaluation process;
      - c. Developing a business plan for the Panel's support needs including issues such as location of the office, staffing skills and numbers, succession planning;
    - Develop an outline of the new approach under the impending legislation to preparing and having approved the Panel's annual report;
    - Develop a governance policy that outlines how the Panel will fulfil its responsibilities and carry out its activities consistent with its purpose, values and vision;
    - Annually seek stakeholders' views on the performance of the Panel;
    - Establish a process to evaluate the performance of Panel members and carry out the assessment annually.

### ***Performance Indicators***

#### **Project Funding**

- Completion of a review of two capacity building projects and the development of a policy for the funding of capacity building projects;
- Approval by the MCE of guidelines for applicants for funding and for the allocation of grants which take into account the criteria determined by the MCE and the views of stakeholders;
- Approval by the AEMC of the annual budget for 2008/2009;
- Project funding fully allocated and in line with the stated strategic priorities;
- Panel and stakeholders report a smooth integration of gas advocacy by June 2008.

### **Building the capacity of advocacy groups**

- Completion of a trial of a refined approach to capacity building funding;
- Engagement by 30 June 2008 of two additional end-user representative organisations in advocacy on energy issues.

### **Research**

- Implementation of a research agenda for 2008/2009 on matters of benefit to energy end-users.

### **Evaluation of Projects**

- Completion of trial evaluations of two capacity building projects and an individual project;
- Implementation of a process that will evaluate the efficiency and effectiveness of funded projects and provide feedback to the Panel and stakeholders that will enhance future advocacy.

### **Panel Operations**

- Completion of the annual advocacy agenda for 2008/2009 incorporating consultation with a wide range of Panel stakeholders;
- Completion of a business plan for the Panel's administrative functions that maintains an appropriate balance between an effective and responsive administrative structure and keeping administrative costs to a minimum;
- Acceptance by the AEMC of a comprehensive and informative annual report by the Panel.

### ***Market context – issues confronting the Panel***

The following issues will have an impact on the nature and degree of demand for energy market advocacy in the near future and therefore will impact on the work and functions of the Panel:

- **Supply and demand issues**

Issues relating to the adequacy of supply (both baseload and peaking generation) and alternatives to traditional generation sources (renewable energy, embedded generation, impact of smart meters, and greater demand side response) will require input from end-users at the policy and implementation stages.

- **The continuing move to a nationally regulated electricity market**

Since the establishment of the AEMC and the AER there has been a movement towards greater national regulation of the energy market, for example the AEMC's review of the effectiveness of competition in the energy retail markets, establishment of the National Energy Market Operator, a consistent national framework for Community Service Obligations, and the development of national arrangements for energy distribution (non-economic) and retailing (non-price) regulation. This trend generates additional need for advocacy of end-users' views.

- **The continuing need to assist in building the capacity of end-user advocates in some areas**

The Panel notes that advocacy organisations that represent end-users of electricity and their interests are still in an evolving stage. As part of the process of ensuring that the funds available to the Panel are used to the greatest benefit of end-users, the Panel will work with the organisations it funds to ensure that they advocate on behalf of end-users in an efficient and effective manner.

In situations where classes of end-users of a reasonable size are not being represented in energy matters, the Panel will make its services known to those classes of end-users and will assist to establish appropriate representation on energy matters.

- **Climate change and global warming**

Issues such as climate change and global warming and their impact on hydro power, carbon trading, possible use of nuclear energy, and the development of water desalination plants will impact on energy policy.

It is possible that other events, for example continued high oil prices or terrorist acts, may push Australia to change its energy mix or to put added emphasis on energy security. Responses to such events could give rise to additional debate and advocacy.

- **Increasing demands for transparency, accountability and good governance in the Panel's operations**

The Ministerial Council on Energy is changing the Panel's oversight and governance arrangements in order to improve its accountability and the transparency of its functions. In addition, stakeholders such as advocates, representatives of consumers, and energy market participants expect the Panel to be accountable for its performance. The impact of these expectations on the Panel's funding allocation and administrative operations must be managed in an effective manner.

- **The impact of impending legislation on the Panel's work program and functions**

Changes are proposed to the AEMC Establishment Act to give the Panel power to fund gas advocacy and energy research. The Panel must respond to these new responsibilities by maintaining a cost-effective administrative structure and by reaching agreement with stakeholders on the interpretation of the key new responsibility to "seek to promote the interests of all consumers of electricity or natural gas while paying particular regard to benefiting small to medium consumers of electricity or natural gas".

***Request for comment***

The Panel would appreciate stakeholders' comments on the strategic plan. Comments should be forwarded by email to [djlb@advocacypanel.com.au](mailto:djlb@advocacypanel.com.au) by 5 October 2007.

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