

Consumer Action Law Centre

**Progress Report to the Consumer Advocacy Panel (the Advocacy Panel)
Pursuant to Funding Agreement July 2011- June 2012
Application 481**

NEM NETWORK COORDINATOR AND CONSUMER ADVOCATE

1 July 2011 - 31 October 2011

1. Project Overview

Consumer Action Law Centre is undertaking the National Energy Market (**NEM**) Network Coordinator and Consumer Advocate project (the **Project**) from July 2011 to June 2012.

The Project is to deliver against three strategic priorities, as follows:

Strategic Priority 1 - Improving consumer outcomes in the National Energy Market with a specific focus on retail and distribution market and trading issues

Strategic Priority 2 - Energy Distribution Pricing in the Consumer Interest

Strategic Priority 3 - Market Design in the best interests of consumers

Under the Project, a Senior Policy Officer – Energy is funded at 0.8 FTE to undertake the Project work and our Director - Policy & Campaigns is funded at 0.4 FTE to undertake Project work, support and supervision. The Consumer Action co-CEOs provide strategic direction and management for the Project as an in-kind contribution.

During the reporting period, Janine Rayner has continued as the Senior Policy Officer – Energy and Gerard Brody has rejoined Consumer Action as the Director – Policy and Campaigns. Catriona Lowe has provided co-CEO Project strategic direction and management.

2. Project Objectives

The Project's two broad objectives are to advocate for the domestic consumer interest in relation to NEM policy and regulatory issues and to build the capacity within Consumer Action and also as part of the broader community to undertake such advocacy with the ultimate aim of the Project being the pursuit of better overall outcomes for consumers and the community generally with regard to access to the fair, safe, secure and affordable supply of energy, an essential service.

The Project seeks to achieve these broad objectives by undertaking several outputs under each priority project area.

Strategic Priority 1 - Improving consumer outcomes in the National Energy Market with a specific focus on retail and distribution market and trading issues

With a consumer centric focus we seek to address a range of market and trading activity that directly impacts upon consumers and the consumer experience in the market place. We do this by focusing upon:

- Effective competition in the retail market:
- General fair trading terms:
- Ensuring benefits of Smart meters reach consumers
- Ensuring effective protections for lower income consumers:
- Ensuring robust compliance and enforcement:

This is achieved through:

- 1) Representing consumer issues directly to decision makers, regulators and industry through;
 - Attending relevant meetings, consultations and briefings;
 - Engaging in advocacy to government Ministers and departmental and regulator officials (including seeking funding for travel costs to meet with MCE and SCO representatives);
 - Media activities (including media releases and television, radio and print interviews);
 - Producing written submissions to formal reviews and inquiries;
- 2) Undertaking research and analysis of our consumer advice and casework and producing case study reports.
- 3) Reviewing legislation and regulations.

Strategic Priority 2 – Energy Distribution Pricing in the Consumer Interest

Through Consumer Actions legal and financial counselling casework, consumers are expressing real concerns about cost of living pressures, contributed to by the rising cost of energy. On this basis we have deliberately continued to focus our activity on the role of distribution pricing within retail energy markets, particularly based on the findings of the report produced under our previous application number 444 to the Panel. We have continued to push for legislative reform in relation to the National Electricity and Gas Laws or rule changes through the National Electricity and Gas Rules, to ensure the process as a whole, particularly the ability of distribution businesses to seek review of the regulator's decision, works fairly and efficiently for consumers.

We seek to achieve this through:

- 1) Representing consumer issues directly to decision makers, regulators and industry through;

- Attending relevant meetings, consultations and briefings;
- Engaging in advocacy to government Ministers and departmental and regulator officials (including seeking funding for travel costs to meet with MCE and SCO representatives);
- Media activities (including media releases and television, radio and print interviews);
- Producing written submissions to formal reviews and inquiries;

2) Reviewing legislation and regulations.

Strategic Priority 3 - Market Design in the best interests of consumers

Our project's third strategic priority for 2011-12 is to be more actively involved in pursuing market design in the best interests of consumers in the face of fast paced changes to the NEM. Specifically, decisions are being made on issues up-stream of those identified in Priority 1 and 2, which have a significant impact on consumers down-stream, in terms of market design and structure.

We plan to work with the consultant to refine the scope of the project, and to then produce a report on this issue.

At the time of reporting, the priority, while funded in principle by the Panel, had not been finalised or approved. More information will be available in the next reporting period.

3. Outputs and outcomes

Below we report on the achievement of the outputs and outcomes of the Project during the reporting period, by reporting against the Project Plan and Key Performance Indicators (**KPIs**) set out in the streamlined application forms.

Strategic Priority 1 - Improving consumer outcomes in the National Energy Market with a specific focus on retail and distribution market and trading issues

Highlights

- We made a submission to the Australian Energy Regulator's (AER) Price Comparator Website Issues Paper while also making submissions to the Essential Services Commission in Victoria for changes to regulatory instruments such as , the Energy Retail Code and provisions around Retailers' obligations to customers - Disconnection and Reconnection, before they hand over regulatory responsibility under the NECF in July 2012.

- We met with stakeholders and attended several meetings regarding the national roll out of smart meters and smart grids nationally, including the National Energy Industry and Consumer Forum, Smart Grids Australia and an AUSGrid smart grid symposium;
- We sent a letter to Minister Ferguson regarding the objective of the NEL and enforcement reviews based on the difference between the NERL and general consumer laws;
- We released a copy of On the Wire;
- We made extensive media comment on issues such as higher energy prices and how consumers can deal with big bills as well as ongoing smart meter issues; and
- We attended an AER customer Consultative Group meeting as well as Jemena Customer Council and AGL Customer Council meetings.

Performance against KPIs

KPI (annual)	This period	% of KPI	On track for year end?
KPI 1: At least 4 written submissions.	4	100%	Yes
KPI 2: At least 8 meetings with Ministerial offices and/or Government Department officials.	4	50%	Yes
KPI 3: Attendance at 80% or more of AER Customer Consultative Group and Essential Services Commission Victoria Customer Consultative Committee meetings.	1	100%	Yes
KPI 4: At least 4 media releases on energy retail and distribution issues.	1	25%	Yes
KPI 5: At least 12 media interviews or quotes on energy retail issues.	16	100%	Yes

Strategic Priority 2 – Energy Distribution Pricing in the Consumer Interest

Highlights

- We met with Minister Ferguson to discuss the details of our intervention report "Barriers to fair network prices".
- On a separate occasion we also met with the AER to discuss the details of our intervention report.
- We successfully co-convened and hosted (with CUAC) the Energy Distribution Masterclass for consumer organisations, under funding agreement 422.

Performance against KPIs

KPI (annual)	This period	% of KPI	On track for year end?
KPI 1: At least 2 written submissions.	0	0	Yes
KPI 2: At least 4 meetings with Ministerial offices and/or Government Department officials.	2	50%	Yes
KPI 3: Attendance at 80% or more of AER Customer Consultative Group and Essential Services Commission Victoria Customer Consultative Committee meetings.	1 (as above)	100%	Yes
KPI 4: At least 2 media releases on energy distribution issues.	1	50%	Yes
KPI 5: At least 3 media interviews or quotes on energy distribution issues.	0	0	Yes

Strategic Priority 3 - Market Design in the best interests of consumers*Highlights*

- Work on this Priority has not commenced within this reporting period.

4. Reports, submissions and media releases

Copies of written reports and submissions produced during the 1 July 2011 – 31 October 2011 period are attached. These are:

- Submission to ESC's Retailers' obligations to customers - Disconnection and Reconnection Draft Decision
- Submission to ESC's Proposed Amendments to Compliance Policy Statement for Victorian Energy Businesses
- Submission to AER - price comparator website
- Submission to ESC's Energy Retailer contract Variation Notification Requirements - Issues Paper

Media Releases

- Thursday, 18 August 2011 - Complex energy contracts are confusing consumers and stifling choice
- Monday, 12 September 2011 - Unfair process leading to higher electricity prices