

Consumer Law Centre Victoria (CLCV)

**Report to the Advocacy Panel of the National Electricity Code Administrator (NECA)
Pursuant to Funding Agreement dated 3 July 2003**

**CAPACITY BUILDING IN THE COMMUNITY SECTOR
REPORT**

1 June 2004 to 15 October 2004

1. Project Overview

The Capacity Building in the Community Sector Project (the **Project**) has established a national network of consumer, welfare and environment organisations (**NEM Network**) and delivered a training program to assist membership of the NEM Network. The creation of the NEM Network will continue to ensure knowledge building and sharing within the community sector, therefore strengthening the capacity of the sector to participate more effectively in the National Electricity Market (**NEM**) and the National Electricity Code processes.

The Project is made up of three components:

- Research – identify relevant stakeholders in the consumer, welfare and environment sectors in each state in which the NEM is operating and, in consultation with those stakeholders, carry out an assessment of the NEM and each of the state electricity markets and an assessment of the barriers to participation in NEM debates.
- Education – develop appropriate training and educational material and conduct training sessions or distribute educational material as appropriate, and assist stakeholders in each state to source and co-ordinate training.
- Network – establish and maintain a network of national stakeholders to enhance knowledge building and sharing, ensuring that information is effectively communicated via email, newsletter, website, seminars, meetings or otherwise.

The tasks to be carried out in relation to each of these components are ongoing.

2. Project Tasks Completed

2.1 Stakeholder Contact

During the reporting period the Project Coordinator continued to develop the NEM Network by contacting new stakeholders and developing relationships with existing stakeholders. In particular, a number of new contacts were made in Queensland from the Council on the Aging, Australian Pensioners Superannuation League and the Queensland Aged and Disability Advocacy Centre.

On 10 June 2004 the Project Coordinator met with Kane Thornton of the Alternative Technology Association (**ATA**) to discuss how the Project could assist the ATA to gather stakeholder input in relation to ATA's Distributed Generation project.

On 22 June 2004 the Project Coordinator met with Angela Savage of the Victorian Council of Social Service and Gavin Dufty of the St Vincent de Paul Society to discuss important aspects of developing the NEM Network, including formalising and documenting the role of the NEM Network and members' rights and obligations with respect to the operation of the NEM Network.

2.3 Development of Training/Educational Material

During the reporting period the Project Coordinator has continued to co-ordinate, prepare and deliver training programs to members of the NEM Network as follows:

- Adelaide - 23 June 2004 (History and Operation of the NEM and Introduction to the Electricity Regulatory Framework in South Australia);
- Sydney - 30 July 2004 (Consumer Protection and Retail Electricity Pricing); and
- Canberra - 18 August 2004 (Introduction to the NEM, the Regulatory Regime and Who's Who).

Training is planned for Brisbane on 29 November 2004 and speakers are currently being sought for a training day in Victoria in December.

2.4 Development of NEM Network

Paragraph 2.1.2 of the Project Funding Agreement requires that the Project 'identify the major issues in end user advocacy, particularly issues that affect users represented by organisations in the network'. This Project task requires identification of the issues relating to the economic and regulatory environment of the NEM as well as the barriers to effective community sector advocacy in relation to those issues.

The Project Coordinator has previously reported on meeting with stakeholders, academic institutions, regulators and NEMMCO, to gain a greater understanding of these issues. Recently, the Project Coordinator progressed the identification of these issues at a face-to-face meeting of community sector stakeholders (the **Community Roundtable**) in Melbourne on 11 and 12 October 2004.

The Community Roundtable was the result of the Project Coordinator working closely with the Energy Action Group to identify 16 community advocates to represent each of the NEM jurisdictions at a meeting to discuss NEM issues (we note that a representative from the ACT was not able to be present at the Roundtable). Through the NEM Network the Project was able to gather support for the Roundtable by asking NEM Network members to commit to attending the Community Roundtable and include their support in the application for funding from the Advocacy Panel for the Community Roundtable. In addition, the Project Coordinator assisted with the development of the agenda for the Community Roundtable.

Through the activities of the NEM Network, including the Community Roundtable, the Project Coordinator has identified the principal barriers to participation by the community sector in energy market reform. Many of these barriers will be overcome by the information sharing and resource allocation that is currently occurring through the Project and the NEM Network. The barriers are:

- The rapid pace of NEM reform;
- The technical language of the NEM and the complex operation of the NEM;
- The complexity and interconnectedness of the NEM legislative framework requires considerable time on the part of community sector organisations, especially in comparison with other policy areas;
- The constrained funding of many community sector organisations has limited the ability of these organisations to commit to ongoing involvement in NEM debates;

- Community organisations have traditionally been focussed on State-based issues and are therefore less experienced in working on national electricity issues.

Further, a number of common goals to be achieved through collaborative advocacy by the community sector in the coming years have been identified and prioritised. Continuing into 2005 the NEM Network will collectively advocate to achieve the following goals:

- A transparent and sustainable safety net structure for guaranteed continuity, security and quality of supply of electricity;
- A program for the provision of information on energy billing and usage, including energy efficiency and demand management, to be delivered by State/Territory and/or Federal governments to the community;
- The development of a national consumer advocacy body to engage with NEM issues;
- An independent inquiry into regulatory outcomes, including enforcement practices, on a State-by-State basis;
- An effective program for the reduction of greenhouse emissions caused by the electricity market including energy planning for the delivery of greater renewable energy sources.

The Community Roundtable attendees expressed an intention to continue to work together to formulate an advocacy agenda on the basis of the barriers and goals as identified above. The Community Roundtable represents an important precedent for future communication and collaboration via the NEM Network.

2.5 Advocacy

The third edition of On the Wire (previously provided) was distributed to network members on 30 August 2004. On the Wire represents a unique and innovative mechanism for the community sector to advocate in relation to the NEM. On the Wire is delivered to approximately 30 individuals based in government departments and regulator's offices. It is therefore an mechanism through which the community sector can communicate to policy makers and regulators, the issues of importance to the community sector.

In the reporting period the Project Coordinator brought together more than 20 community organisations in five States and the ACT, in order to develop a package of proposed amendments to the National Electricity Law (the **Amendment Package**). The Project Coordinator was integral in drafting the final Amendment Package, together with the Total Environment Centre (TEC) and the Environmental Defenders Office (Vic). The Project Coordinator is continuing to work closely with the TEC to ensure that members of the NEM Network advocate for the Amendment Package in each of the NEM jurisdictions. On 15 October 2004 the Project Coordinator together with Jane Castle of the TEC, met with Peter Naughton, Manager, Wholesale Markets, Energy and Security Division of the Victorian Department of Infrastructure and Patrick Gibbons, Advisor to the Minister for Energy Industries and Minister for Resources, Theo Theophanous, to advocate for the Amendment Package.

In August and September the Project Coordinator held a number of telephone conferences to facilitate communication in relation to the Ministerial Council on Energy's (MCE) National Framework for Electricity and Gas Distribution and Retail Regulation Issues Paper (the **Issues Paper**). The Project Coordinator participated in the Public Consultation on the Issues Paper on 15 September 2004.

To facilitate ongoing communication in relation to the MCE's reforms the Project Coordinator established an email group entitled NEMCHAT. All subscribers to NEMCHAT are included in all emails to and from the email group. The rules surrounding subscription to NEMCHAT require that it is used only for information and commentary relating to the MCE reform in the areas of governance and institutions, economic regulation and user participation. NEMCHAT is currently being used by approximately 20 community organizations to share information, including their own work as well as other resources, and to raise issues or plan advocacy responses to the MCE NEM reform proposals.

In the reporting period the Project Coordinator co-authored an article entitled 'The Power of Capacity' in the Winter 2004 edition of the Australian Consumers' Association's publication *Consuming Interest*; No 100, Winter (previously provided). The article canvassed issues relating to the MCE's regulatory reforms and provided an explanation of, and commentary on, the importance of the Project.

3. **Project Tasks To Be Completed**

The next reporting period will end on 31 December 2004. During this period the Project Coordinator will deliver two more training days and the final (fourth) edition of the newsletter, *On the Wire*, for this year. Most importantly the Project Coordinator will continue to work with the NEM Network on collaborative advocacy in relation to the MCE's energy market reform program, including developing a 2005 advocacy agenda.

4. **Reporting**

The final Project progress report will be provided by 24 December 2004. The final Self Financing Report, pursuant to clause 2.1.6 of the Funding Agreement dated 3 July 2003 (**Funding Agreement**) will be provided on 12 November 2004, as previously advised.

As the Consumer Law Centre Victoria's Finance Manager is currently on leave (returning on 8 November 2004), the financial report for the third quarter of the Project will be provided in the second week of November.

In-kind contributions have been provided in the third quarter of the Project, increasing the value of the Project as follows:

- Graphic formatting of second edition of 'One the wire' newsletter (Minter Ellison, \$250);
- Use of venues and facilities, and provision of refreshments (Australian Consumer's Association, \$200);
- Consulting services in the form of project direction strategies, (\$500, 5 hours);

We attach an invoice for the fourth and final instalment of funding pursuant to clause 3 of the Funding Agreement.