

National Consumers Electricity Advocacy Panel

New Focussed Funding Criteria - Call for Submissions

Pursuant to cl8.10.3(d) of the National Electricity Code, the Advocacy Panel has developed new criteria to fund the case for electricity customers before energy and economic regulators and other authorities, including the Ministerial Council on Energy. Funding would be in four streams: long term funding for budgeted salary/consultant costs; commissioned funding, especially to achieve diversity; project by project grants; and streamlined approval for small urgent projects. Co-funding requirements are eased, among other changes.

The new criteria are available from the Panel's website at www.advocacypanel.com.au or from the Panel's office.

Code Participants, Intending Participants and interested parties are invited to make written submissions to the Panel concerning the criteria. Submissions should be forwarded to reach the Panel's office by no later than 5 pm on 29 April 2005.

Energy Advocacy Development - Funding Round

The Panel wishes to develop the capacity of domestic and business organisations to represent electricity customers' interests affected by the national electricity market, the National Electricity Code and the underlying policies and by the regulators of the market and the code, and will consider applications for this purpose at its meeting on 4 May 2005.

Who may apply: (i) energy customer organisations and other bodies such as consumer, welfare, business or industry organisations, and progress and regional development organisations, with the potential to represent electricity customers; (ii) persons or bodies wishing to form representative organisations eligible for funding.

How to apply: complete the application form which is available from the Panel's website at www.advocacypanel.com.au or the Panel's office. Parties interested in forming organisations are invited to write to the Executive Officer with proposals or enquiries.

When: applications and proposals should be lodged by 20 April 2005.

Further details and enquiries:

David Bremner, Executive Officer

The National Consumers Electricity Advocacy Panel

PO Box 43

Surrey Hills Vic 3127

Tel: 03 9899 5111 Email: advocacypanel@axtonjones.com.au

Draft Funding Criteria and Guidelines

1 Funding Criteria

1.1 Preamble

The National Consumers Electricity Advocacy Panel (the Panel), was developed by the National Electricity Code Administrator (NECA) in 2001 in recognition of the fact that end-users had the same rights to be involved in national electricity market decision making as participants in the market.

Clause 8.10 of the National Electricity Code (the Code) establishes the Panel and its membership, defines the functions of the Panel and specifies review arrangements. The Panel is responsible for determining the total resources to be available for assistance for advocacy, establishing criteria and guidelines for funding and allocating funds in accordance with these criteria and guidelines.

The following Criteria and Guidelines are published pursuant to clause 8.9 of the Code¹. They draw on Clause 8.10.3(d) and (e) of the Code.

1.2 Objectives of funding support

The prime objective of funding support is to increase end-user input into consultation processes towards the longer term goal of increased end-user involvement in the national electricity market and making that market more efficient and effective, including by fostering a more innovative and efficient retail market.

In accordance with clause 8.10.3 of the Code, an objective of funding is to achieve diversity in:

- the end-users represented in consultations;
- the nature of the interests represented; and
- the issues that are put forward for consideration for funding.

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

Diversity in the nature of interests represented is taken as diversity in categories of customers.

Diversity in the issues that are put forward is taken as including diversity in the different sectors of the energy industry, and diversity as between issues under the National Electricity Code and the national electricity market.

¹ The Code can be viewed at <http://www.neca.com.au/TheCode/>

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The Panel aims to increase the overall resources committed by end-users to advocacy and not substitute resources that 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 and rule change and the conduct and operation of the electricity market.

1.3 Eligible applicants

The funds of the Panel are available for advocacy by or in the interests of domestic, commercial or industrial end-users of electricity 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:

- the direct members of an applicant;
- members of organisations supporting an application;
- 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.

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.

1.4 Eligible projects

Eligible projects are those that address issues that relate to the efficiency and effectiveness of the national electricity market or of the retail electricity market where

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that market or an aspect of that market affects the efficiency and effectiveness of the national electricity market. Eligible projects must:

- relate to the development, design or policy behind the national electricity market, its regulations, rules and codes that may apply from time to time;
- relate directly to the responsibilities of NECA or its successor, the National Electricity Market Management Company (NEMMCO) and other organisations created to govern, regulate and administer the national electricity market under National Electricity Law, its codes and regulations;
- have implications for the national electricity market as a whole.

As a matter of practice the Panel will consider eligible projects in four streams:

Stream 1 projects

These address longer term issues and will be considered by the Panel following application by eligible applicants for funding in the context of periodic funding rounds. Examples of stream 1 projects include long term funding of a salaried officer or of a retained consultant. An applicant in this stream should consider whether it expects to be involved in consultation or inquiry processes associated with Energy Market Reform including regulation and rule change and make allowance for this in any application.

When assessing stream 1 projects, the Panel will take into account:

- the expected benefits to accrue compared with the cost;
- the extent to which the project will contribute to the efficiency and effectiveness of the electricity market;
- the extent to which the project contributes to diversity in allocation of funds with respect to
 - the number of end-users represented;
 - the nature of the interests represented;
 - the issues that are subject of the application of funding.

Stream 2 Projects

Stream 2 comprises projects that may be commissioned by the Panel from time to time.

The Panel may, for example, commission projects to meet diversity as interpreted in criterion 1.2 or where it is apparent from submissions to the Panel that new involvement is required in particular fields or matters. If necessary, the Panel may commission work to assist in the development of projects to address identified deficiencies.

At the present time the Panel notes that regional interests in agribusiness and local government and small business generally are not well represented in current applications.

Stream 3 Projects

Stream 3 projects address special cases that may arise from time to time in relation to consultation or inquiry processes associated with Energy Market Reform including

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regulation and rule change. An eligible applicant funded in stream 1 will not be eligible for this stream unless the need for the stream 3 project could not have reasonably been foreseen when stream 1 funding was applied for.

For example, stream 3 projects will be considered by the Panel as they arise during Energy Market Reform processes or Code change and related consultation processes including by the proposed new energy regulators.

The Panel notes that implementation of energy market reform will require end-user input into consultation processes.

The Panel notes the priority given by the Ministerial Council on Energy to:

- the implications for consumers resulting from the introduction of full retail contestability and the policies to protect some consumers from the exercise of market power by retailers; and
- the desire to encourage a demand side response pool in the national electricity market.

The work program of the User Participation Working Group of the Standing Committee of Officials also identifies issues for public consultation.

In these cases the Panel will only consider projects that are timely and related to the inquiry underway.

The Panel is prepared to consider funding for a reasonable period to cover preparation of submissions and for representation during Energy Market Reform consultation processes.

Stream 4 Projects

Stream 4 projects are projects that require streamlined approval because they are genuinely urgent or exceptional and which are subject to appropriate dollar limits.

Stream 4 projects will be for budgets of less than \$15,000 and will be determined by the Chairman and a nominated delegate of the Panel, subject to prior notice to all Panel members and the right of a member to participate in a determination.

The Chairman will report on funding of stream 4 projects to the full Panel on a periodic basis, not later than the following meeting.

1.5 Funding

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 Panel may, at its discretion, reduce or waive the applicant's proportion of budgeted costs and for this purpose will have regard to, for example:

- whether in the case of an applicant it has access to any other funds;

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- in the case of applicants generally:
 - whether the outcome of the project is considered to be of benefit to the majority of end-users;
 - whether additional expenditure can be justified by the expected benefits of the project;
 - whether the ultimate benefits are long term.

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

2 Guidelines for Applications

2.1 Requirements of an application

2.1.1 Name and representation

An application must state the name of the applicant and how it is eligible under criterion 1.3 and separately indicate any bodies that have expressed support for the proposed project. Any expressions 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 included with the electronic and paper form of the application.

2.1.2 Description of the project

The objectives and scope of the project for the funds sought must be described to show it is eligible under criteria 1.2 and 1.4.

The project should describe

- the title and description of the project;
- the study or other work to be produced;
- the plan for communication or advocacy to the appropriate authority or decision maker;
- benefits to end-users.

Applications related 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.

2.1.3 Work program and budget

The work program and budget should be outlined including:

- a) The budget and any related income;
- b) The timetable for the project by key elements;

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- c) The time and cost of each consultant or staff to be engaged in the project;
- d) The qualifications and capability of consultants and 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 1.5;
- 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 in terms of criterion 1.5;

The application should explain how value for money is ensured. As a general rule it is expected that applicants would 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 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 of the cost estimate for consultants included in the budget.

2.1.4 Preparing and submitting applications

The responsibility of 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, the choice of stream, and as to past or anticipated projects. An applicant may 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 Panel for the above assistance.

Applications must be submitted on the form available from www.advocacypanel.com.au or the Executive Officer.

An application may be submitted in electronic form provided a hard copy is forwarded concurrently. The application should include discussion of each matter under headings corresponding to matters a to h in 2.1.3 above. The application should address any other relevant criteria. Applications, apart from qualifications (item 2.1.3 d above), should comprise no more than three pages where practical.

The Panel may seek additional details of an application.

Applications should be addressed to:

The Executive Officer

National Consumers Electricity Advocacy Panel

PO Box 43

Surrey Hills Vic 3127

Tel: 03 9899 5111 Email: advocacypanel@axtonjones.com.au

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2.2 Conditions

An application may be approved on 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.

2.3 Agreement

The Executive Officer will prepare an agreement between the applicant and the Panel to give effect to its granting an application. A pro forma agreement is available on www.advocacypanel.com.au.

2.4 Execution

A project should be completed in accordance with the time 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 agreement. A 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 may publish reports, studies and submissions funded by it. In due course the results of advocacy should be advised to the Panel.

Explanatory Note

In 1.5 Funding above, the Panel noted that it may, at its discretion, reduce or waive the applicant's proportion of budgeted costs and suggested examples of grounds on which a waiver of the applicant's proportion of budgeted costs may be applicable. The Panel notes that there may be a variety of views on the issue of a waiver and therefore it is open to considering other instances of where waivers may be applied. The Panel invites submissions on this point.