

## INVITATION TO SUBMIT GRANT APPLICATIONS

*The Consumer Advocacy Panel is inviting grant applications to undertake research on the two priorities identified in its 2009/10 research agenda:*

- 1. Identifying rural and regional consumer issues in the National Energy Market (NEM); and*
- 2. Convening a masterclass for consumer organisations on distribution network pricing.*

*Applications are sought by close of business 2 May 2010.*

### Background

The Consumer Advocacy Panel funds research into consumer energy issues within its funding criteria through two research programs:

- Research initiated by other organisations: the Panel provides funding to consumer organisations, individuals and academic institutions to undertake research on electricity and gas issues; and
- Research initiated by the Panel: in its 2009/10 budget, the Consumer Advocacy Panel committed a total of \$140,940 for Panel-initiated research in consumer electricity and consumer gas issues.

This paper invites individuals and organisations with the requisite expertise to submit grant applications to undertake research on either of the two priorities identified in its 2009/10 research agenda.

### Process of application

Applicants should submit a grant application form to [info@advocacypanel.com.au](mailto:info@advocacypanel.com.au) by **close of business 2 May 2010**. The application form and guidelines containing advice are available on the Panel's website [www.advocacypanel.com.au/applications.htm](http://www.advocacypanel.com.au/applications.htm)

Applicants are advised to read the guidelines carefully, and are encouraged to contact the Panel's Executive Director, Kerry Connors, at [kerry.connors@advocacypanel.com.au](mailto:kerry.connors@advocacypanel.com.au) or by phone 02 8296 7880 if they have any questions.

## Research priorities

### Priority 1: Identifying rural and regional consumer issues in the National Energy Market (NEM)

#### *What's the problem to be addressed?*

The Panel will commit the majority of its budget to research projects that address the needs of rural and regional energy consumers, a class of consumers whose needs are too often poorly understood by policy and regulatory decision-makers.

Issues faced by rural consumers that are different from metropolitan consumers include: less access to competition; poor reliability and quality of electricity supply, and limited capacity to influence/inform network investment decisions; impact of restricted fuel choice; and lack of access to decision-makers.

It is likely that consumers in different jurisdictions will share some similar problems, but may prioritise issues differently.

There has been little systematic analysis across the NEM of rural consumer issues, by class of consumers or by region. There has been work done in some jurisdictions, but for the most part consumer organisations have not had the mandate or resources to investigate national rural consumer issues systematically.

#### *Objectives of research projects*

- To enhance the capacity of rural and national consumer advocates to represent the interests of rural consumers in policy and regulatory decisions
- To produce a systematic outline of rural consumers' issues to feed into decision-making
- To engage rural and regional consumer organisations into the debate, and alert them to information and advocacy networks that would facilitate their involvement.

#### *Outcomes*

- Better informed decision-making by policy-makers and regulators around access to infrastructure, benefits of competition, and ensuring consumer protections are appropriately targeted.

#### *Focus of research and methodologies*

The Panel invites interested consumer advocacy organisations, academics or individuals with the requisite expertise to undertake research projects that would provide more information about rural and regional consumers and/or engage rural and regional consumer advocates more effectively into decision-making in the NEM.

Research into the needs of rural and regional consumers could take a variety of approaches, for example focusing on a particular issue in the market, or convening a gathering of rural and regional consumers to discuss solutions to their issues, or surveying consumers to identify and prioritise problem issues.

#### *Budget*

The Panel has allocated around \$120,000 to review rural and regional energy consumer needs, with the aim of funding one or two projects that offer the greatest value against the eligibility criteria.

## **Priority 2: Masterclass on distribution network pricing**

### *What's the problem to be addressed?*

The largest element in a small consumer's energy bill is typically the distribution network component, which is approved in each jurisdiction every five years by the Australian Energy Regulator (AER); currently the AER is considering electricity distribution prices in South Australia, Queensland and Victoria, and gas distribution prices in New South Wales. In addition, the AER conducts a five yearly assessment of the weighted average cost of capital to be adopted for electricity transmission and distribution businesses, with the next review scheduled to begin in 2013.

The Panel has provided funding in 2009/10 to advocacy organisations to represent particular classes of consumers in the AER reviews in Queensland, Victoria and South Australia, but is keen to build capacity on distribution network pricing nationally, and with a range of consumer advocacy organisations.

While the impact of distribution prices is felt most immediately by small and medium end-users, it is envisaged that access to the masterclass would also be open to representatives from large end-users.

### *Objectives of research project*

To enhance the capacity of consumer advocates to represent the interests of their constituents in regulatory decisions on distribution network pricing through

- Developing an understanding of the key cost drivers (new and replacement capital expenditure, operating and maintenance costs) and their impact on consumer prices
- Acquiring the capacity to assess in-depth the components of a distribution network service provider's (DNSP) price proposal
- Creating resource materials for consumer advocates to assist them in the analysis of distribution businesses' proposals, to be published on the Panel's website.

### *Outcomes*

- Improved and increased advocacy in network pricing decisions
- Better informed decision-making by the AER on consumer interests and concerns
- Enhanced understanding of DNSPs on consumer interests and engagement

### *Methodology*

The Panel envisages that a 1-2 day workshop or masterclass would be the most efficient mechanism to achieve the research objectives, but welcomes other approaches.

Applicants should outline in detail the methodology and issues that would be covered in the masterclass.

### *Budget*

The Panel has committed around \$20,000 to develop and deliver the masterclass.