

# **NATIONAL ELECTRICITY CONSUMERS ADVOCACY PANEL**

**(The End User Advocacy Panel)**

**Report for 2005/2006**

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## Acting Chairperson's report

This is a report by the National Electricity Consumers Advocacy Panel (the Panel) on its activities for the year ended 30 June 2006.

The Panel, first fully appointed in February 2003, dealt with 77 applications during the year ending 30 June 2006 under funding criteria originally adopted in June 2003 and revised in October 2005. The applications were from representatives of domestic and business electricity customers for advocacy relating to the National Electricity Rules (the Rules) and the national electricity market.

During the year a broad range of issues was covered by grants made by the Panel although there was a particular emphasis in the successful applications on responses to consultation papers issued by the Ministerial Council on Energy (the MCE) and to the activities of the Australian Energy Market Commission (the AEMC).

### The Panel's constitution

The Panel is constituted under cl 8.10 of the Rules and is regulated by that clause, by its funding criteria and by internal rules as to meetings and the funds of the Panel. The Panel's funding criteria and internal rules are displayed on its website at [www.advocacypanel.com.au](http://www.advocacypanel.com.au).

The Panel may be compared to a trust in that the funds of the Panel are provided by certain market participants under cl 8.10 of the Rules to enable the funding of advocacy by applicants who represent the interests of a reasonable number of end-users. The Panel is neither a corporation nor a statutory body.

In November 2005 the MCE undertook a review of advocacy arrangements in the national electricity market with the intention of strengthening the long-term arrangements for the advocacy of end-users' interests. As result of the review, the MCE proposed changes to the long-term arrangements for advocacy on behalf of end-users of energy which include giving the Panel responsibility for the funding of advocacy on behalf of end-users of gas. The changes will be contained in legislation to be enacted in 2007.

In the short term, in December 2005 the MCE forwarded to the AEMC a Rule change proposal regarding governance, accountability and funding arrangements for the Panel. Following consultation and consideration of submissions, the AEMC published the National Electricity Amendment (Advocacy Panel) Rule 2006 which came into effect on 1 July 2006. The new Rule changed the manner in which members of the Panel are appointed, removes the requirement that members represent certain sectors of the national electricity market, clarifies the Panel's accountability to the AEMC and extended its funding beyond June 2006.

### Members of the Panel

During the year under review, the Panel comprised five members - an independent chairman and four representatives who, respectively, represent the interests of business electricity customers, domestic electricity customers, electricity generators and electricity retailers. The chairman was appointed by the AEMC and the four members by the chairman.

The members of the Panel were as follows:

Member	Position and Experience	No of Meetings	
		Eligible	Attended
Adam Bisits	<ul style="list-style-type: none"> <li>Solicitor at Blake Dawson Waldron between 1973-1999 and 2000-2003. Specialisations include the power and rail industries.</li> <li>Chairman of Advocacy Panel, appointed December 2002, retired December 2005</li> </ul>	6	6

Member	Position and Experience	No of Meetings	
		Eligible	Attended
James McLeod	<ul style="list-style-type: none"> <li>Bachelor of Engineering (Hon) in Chemical Engineering 1964, MBA 1978</li> <li>Business customer representative appointed February 2003, retired December 2005</li> </ul>	6	4
Denis Nelthorpe	<ul style="list-style-type: none"> <li>18 years of experience in the area of consumer law as an advocate and policy advisor</li> <li>Domestic customer representative appointed February 2003, re-appointed January 2006</li> </ul>	9	8
Mark Williamson	<ul style="list-style-type: none"> <li>General Manager Marketing and Trading for NRG Flinders</li> <li>Generator representative appointed February 2003, re-appointed January 2006</li> </ul>	9	8
Mark Brownfield	<ul style="list-style-type: none"> <li>Manager, Residential Sales, AGL Retail Energy Ltd</li> <li>Retailer representative appointed February 2005, re-appointed January 2006</li> </ul>	9	7
Frank Peach	<ul style="list-style-type: none"> <li>Formerly Director General of Education, Director General of Corrective Services, Director General of Families, and Director General of Housing in Queensland. Now a management consultant.</li> <li>Acting chairperson appointed December 2005</li> </ul>	3	3
Angus Fletcher	<ul style="list-style-type: none"> <li>Consultant on energy issues</li> <li>Business customer representative appointed January 2006, retired June 2006</li> </ul>	3	3

During the year, the Panel held nine meetings and on a further six occasions dealt with matters by email resolutions.

With the agreement of the members of the Panel, David McAloon of TRUenergy Ltd and Angus Fletcher, energy consultant, attended two meetings of the Panel in October 2005 as alternates for Mark Brownfield and James McLeod, respectively.

On 24 October 2005, the chairman of the Panel entered into the Rules consultation procedures seeking comments on new guidelines for the appointment of representatives to the Panel. In accordance with the Rules, the chairman published a draft report on 5 December 2005 and invited responses to it by 30 December 2005. On 23 February 2006, the final report was issued in which the acting chairperson decided not to make a determination at this time in view of impending changes to the arrangements for the appointment of members of the Panel.

In December 2005 the terms of office of the chairman and members of the Panel expired. On 22 December 2005, the AEMC appointed Frank Peach as the acting chairperson of the Panel. In January 2006 Denis Nelthorpe, Mark Williamson, Mark Brownfield and Angus Fletcher were appointed to the Panel by Mr Peach.

On 30 June 2006 Angus Fletcher resigned and the AEMC, which as from 1 July 2006 became responsible for appointing members of the Panel, did not replace him.

Under cl 11.3.1 of the Rules, the continuing members of the Panel as at 30 June 2006 (Messrs Peach, Nelthorpe, Williamson and Brownfield) were taken to be the persons appointed to comprise the Panel until 1 October 2006. On 31 August 2006 the AEMC called for expressions of interest from suitably qualified applicants for appointment to the Panel and issued for comment under the Rules consultation procedures draft guidelines for the appointment of members of the Panel. The closing date for the lodgement of expressions of interest was 16 September 2006 and for comments on the guidelines was 20 October 2006. The consultation procedure is continuing.

On 27 September 2006, the AEMC appointed Messrs Peach, Nelthorpe, Williamson and Brownfield as members of the Panel for the period from 1 October 2006 until 30 November 2006 or the date on which a replacement member is appointed, whichever is the earlier.

### **Funding criteria**

On 18 March 2005 under the Rules consultation procedures, the Panel called for responses to proposed new funding criteria and guidelines. Seven responses were received and, following their consideration by the Panel, a draft report was issued on 8 August 2005. Following consideration of two responses to the draft report, on 7 October 2005 a final report was issued and a determination was made that the new funding criteria and guidelines would commence on 8 October 2005. As a result of the review, no material changes were made to the funding criteria although adjustments were made to the application guidelines.

The revised funding criteria and guidelines were published on the websites of the AEMC and the Panel.

According to the funding criteria, 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 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 the Australian Energy Market Commission (AEMC) or the National Electricity Market Management Company (NEMMCO) under the National Electricity Law and the Rules; or
  - the monitoring, investigation or enforcement responsibilities of the Australian Energy Regulator (AER) or functions of the AER relating to the exemption from registration of network service providers under the National Electricity Law and the Rules; or
- have implications for the national electricity market as a whole.

In determining applications for funds for eligible projects the Panel takes into account the principle in cl 8.10 of the Rules that there should be diversity in the allocation of funds with respect to the number of end-users represented, the nature of the interests represented and the issues which are the subject of funding.

Under cl 11.3.1 of the Rules the Panel must by 1 March 2007 undertake a review of its funding criteria and guidelines for making applications in accordance with the Rules consultation procedures. The revised criteria and guidelines must be submitted to the AEMC for its approval. On 16 October 2006 the Panel issued its consultation paper for comment by registered participants in the national electricity market and interested parties

### **Funding requirement for end-user advocacy**

The Panel's revenue requirement is collected from market customers by NEMMCO in accordance with the Rules. The income is remitted to the Panel by NEMMCO.

In May 2005 the Panel reviewed its funding requirement for 2005/2006 and requested an increase in funding to \$1,540,000 including GST. The increase of \$220,000 was requested because of the MCE's reform program which was expected to result in an increase in the number of applications for funding, the Panel's intention through its proposed new funding criteria to encourage capacity building funding programs and an increase in the Panel's operating costs. The Panel's request for additional funding was approved.

Clause 8.10.5(b) of the Rules requires the Panel to each year determine its proposed funding requirement for the coming financial year in accordance with the Rules consultation procedures. On 15 September 2006 the Panel issued for comment by registered participants in the national electricity market and interested parties a consultation paper on the funding requirement for 2007/2008. The funding requirement proposed by the Panel for 2007/2008 must be submitted to the AEMC by 12 February 2007 for its approval.

In the consultation paper, the Panel noted that the Standing Committee of Officials of the Ministerial Council on Energy has announced that legislation is being prepared which will give the Panel responsibility for allocating funding for consumer advocacy and research in respect of both gas and electricity. The legislation will provide that funding for national electricity market related advocacy will continue to come from participation fees charged by NEMMCO with the amount for each financial year to be proposed to the MCE by the Panel following consultation with interested stakeholders. A long-term funding mechanism is yet to be determined for gas related grants.

As the foreshadowed legislation is not expected to be enacted until 2007, the proposal of the funding requirement for the financial year 2007/2008 was undertaken by the Panel in accordance with the current Rules and therefore related only to the funding requirement for end-user advocacy on electricity and the expenses of the Panel in carrying out its functions under the Rules.

The Panel assumed that funding for gas advocacy will be provided after the legislation has been enacted.

The Panel has proposed a funding requirement for the 2007/2008 financial year of \$2,245,100, inclusive of GST, to be provided by NEMMCO from its participation fees. The proposal is currently subject to the Rules consultation procedures.

The funding requirement took into account other sources of revenue for the Panel, the cost of advocacy and research projects, the expenses incurred by the Panel in carrying out its functions and its retained funds.

The funding requirement in past financial years, inclusive of GST, was as follows:

2002/2003	\$1,100,000
2003/2004	\$1,100,000
2004/2006	\$1,210,000
2005/2006	\$1,540,000
2006/2007	\$1,925,000

### **Review of operations**

The Panel's primary role is to determine applications for funding of end-user advocacy. Each application is reviewed by the Panel's executive officer who prepares a report on relevant aspects of the application which is considered by the Panel as it reviews the application. If an applicant is successful, the Panel and the applicant enter into a funding agreement which sets out milestones against which payments are made. If an application is unsuccessful, the applicant is advised the reasons.

Since the establishment of the Panel in 2002, a total of 221 applications for funding had been received by 30 June 2006.

For the year ended 30 June 2006, the Panel received 77 applications for funding (68 last year), of which 37 (41) applications were approved. A summary of the approved applications is shown below:

Applications Approved in year to 30 June 2006	Business	Domestic	Total
Number of approved applications \$0 to \$50,000	17	12	29
Number of approved applications \$50,001 to \$100,000	5	1	6
Number of approved applications \$100,001+	1	1	2
<b>Total</b>	<b>23</b>	<b>14</b>	<b>37</b>

### Commitments

As at 30 June 2006, the Panel had funding commitments relating to approved applications for which the grants had not yet been paid as follows:

	2006	2005
Payable within one year	\$947,636	\$ 936,479
Payable later than one year but not later than five years	-	\$ 90,309
Payable later than five years	-	-
	<b>\$947,636</b>	<b>\$1,026,788</b>

### Revenue and expenses

Total revenue for the financial year, excluding GST, was \$1,461,318 (2004/05: \$1,154,619) which included \$1,387,553 received from NEMMCO and \$73,765 in interest. The receipts from NEMMCO were \$12,447 less than the budget approved for the year due to an under-recovery of participant fees as a result of the volume of electricity traded being slightly less than budget.

During the year, the Panel paid to applicants for funding \$1,207,735 (last year \$1,101,122) in grants and commissions. The following table provides details of expenditure on grants and commissions and of projects approved during the year:

APPLIC NO	CLASS	APPLICANT	PROJECT TITLE	AMOUNT FUNDED	PAYMENT 2003/04	PAYMENT 2004/05	PAYMENT 2005/06	BALANCE OWING 30 JUNE 2006
<b>Projects approved prior to 1 July 2005</b>								
25	B	Energy Users Association of Australia	Employment of a national electricity market specialist	133,367.72		43,334.54	90,033.18	0.00
42	D	ACT Council for Social Service	Training domestic customers	24,000.00	6,000.00	12,000.00	6,000.00	0.00
57	B	AiGroup, Energy Action Group, Energy Users Association of Australia, The Victorian Employers' Chamber of Commerce and Industry and JA'S	Submission to Victorian distribution review	50,000.00		35,025.00	14,975.00	0.00
58	B	Energy Consumers Coalition of South Australia and Energy Users Coalition of Victoria	Fund D. Headberry's attendance on Service Standards Working Group	1,200.00		0.00	1,200.00	0.00
67	M	South Australian Centre for Economic Studies	Market risk premium study	94,400.00		75,520.00		18,880.00
68	M	Property Council of Australia, Uniting Care Wesley Adelaide (representing the South Australian Council of Social Services), and Business SA	Augmentation Study	67,692.00		52,284.77	15,407.23	0.00
81	D	Consumer Law Centre of Victoria	Further funding for continued consumer contributions to the development of NEM	98,100.00		49,050.00	49,050.00	0.00
82	B	A3P – Australian Plantation Products and Paper Industry Council - on behalf of the Energy Intensive Industries Alliance.	Providing input to the Ministerial Council On Energy's Market Reform Program.	72,500.00		8,000.00	3,000.00	61,500.00
91	B	Energy Users Association of Australia	Reliability standards submission	25,500.00		0.00		25,500.00
93	B	Energy Users Association of Australia	Recommendations for building stronger consumer advocacy in NEM	13,000.00		0.00	13,000.00	0.00
99	D	Centre for Credit and Consumer Law	Researcher Salary and Costs	90,763.00			70,000.00	20,763.00

APPLIC NO	CLASS	APPLICANT	PROJECT TITLE	AMOUNT FUNDED	PAYMENT 2003/04	PAYMENT 2004/05	PAYMENT 2005/06	BALANCE OWING 30 JUNE 2006
102	D	Energy Action Group	Changes to the NEL in relation to implementing Merits Review Rights	18,500.00			10,000.00	8,500.00
110	B	Energy Users Association of Australia	National Electricity Law Regulations and Memorandum of Understanding	41,146.00				41,146.00
111	B	Energy Markets Reform Forum, Electricity Consumers Coalition of South Australia, and Energy Users Coalition of Victoria	Review and respond to MCE Options Papers to be issued March 2006	35,000.00		6,000.00	29,000.00	0.00
116	B	Energy Users Association of Australia	Global grant for four projects - Barriers to demand side response (105), Evaluation of ESC's Distribution Pricing Review Consultation Papers (107), MCE National Framework Distribution and Retail Regulation Options Paper (108), and A study to review energy efficiency (109)	127,000.00			105,000.00	22,000.00
117	B	Energy Users Coalition of Victoria	Respond to Essential Services Commission of Victoria Electricity Distribution Price Review 2006-2010 papers	35,900.00			35,900.00	0.00
118	D	Sustainable Focus Pty Ltd	Research invariant users and their implications for pricing policy and demand	15,400.00			15,400.00	0.00
120	D	Consumer Utilities Advocacy Centre and the Shire of Campaspe	An analysis of the effectiveness of the regulatory and policy mechanisms available to rural and regional communities to enhance or improve their electricity infrastructure	55,000.00				55,000.00
121	D	Public Interest Advocacy Centre	Licence compliance and enforcement	38,350.00			38,350.00	0.00
123	D	Total Environment Centre	fund NEM advocate for 12 months	54,000.00			40,500.00	13,500.00

APPLIC NO	CLASS	APPLICANT	PROJECT TITLE	AMOUNT FUNDED	PAYMENT 2003/04	PAYMENT 2004/05	PAYMENT 2005/06	BALANCE OWING 30 JUNE 2006
127	D	Alternative Technology Association	Fund NEM advocate for 12 months	37,730.00			22,866.68	14,863.32
128	B	Energy Users Association of Australia	NEM Electricity Reliability Standard Review	47,210.00			47,210.00	0.00
<b>Sub Total</b>				1,175,758.72	6,000.00	281,214.31	606,892.09	281,652.32
<b>Projects approved during 2005/2006</b>								
25	B	Energy Users Association of Australia	Employment of a national electricity market specialist	135,536.00			90,357.34	45,178.66
126	D	Consumer Utilities Advocacy Centre and the Centre for Regulatory Studies	Where is the consumer? The implications of legislative and regulatory reforms in the NEM for consumers	62,571.00			34,596.00	27,975.00
133	D	Australian Council of Social Service	Fund NEM advocate for 12 months	122,000.00			67,000.00	55,000.00
134	B	Energy Users Association of Australia	Demand Side Response to NEMMCO Reserve Trader Tender	40,000.00			24,000.00	16,000.00
135	B	Energy Users Association of Australia	Three projects from 2006/2006 work program - MCE transmission Policy Statement, MCE Market Development Program and AER Review of Energy Network Regulation	50,000.00			50,000.00	0.00
140	B	Energy Users Association of Australia on behalf of EAG, EMRF, ECCSA and EUCV	Advocacy on the Effect of Industry Structure on Generator Competition and End-User Prices in the NEM	19,495.00			16,528.72	2,966.28
141	B	Aria Professional Services and Property Council of Aust	Investigate barriers to DSM in high rise accommodation facilities	52,640.00			52,640.00	0.00
144	D	Energy Action Group	AEMC initial consultation - review of the electricity transmission revenue and pricing rules	5,000.00			5,000.00	0.00
145	B	Energy Users Association of Australia	Participate in NEMMCO Wind Energy Industry Reference	19,000.00				19,000.00

APPLIC NO	CLASS	APPLICANT	PROJECT TITLE	AMOUNT FUNDED	PAYMENT 2003/04	PAYMENT 2004/05	PAYMENT 2005/06	BALANCE OWING 30 JUNE 2006
			Group					
146	D	Tasmanian Council of Social Service	Research pre-payment meter use in Tasmania	27,000.00			13,000.00	14,000.00
153	B	Energy Users Association of Australia	Develop end-user performance indicators for the Snowy constraint pricing trial derogation	27,125.00			27,125.00	0.00
155	D	Energy Action Group	Respond to AEMC transmission revenue and pricing issues papers to be released October 2006	10,000.00				10,000.00
158	D	Energy Action Group	Respond to SCO Issues Paper on development of a national framework for distribution and retailing regulation	20,000.00				20,000.00
159	B	Energy Markets Reform Forum, Energy Users Coalition of Victoria and Energy Consumers Coalition of South Australia	Review of decision-making in the gas and electricity regulatory frameworks	14,500.00			14,500.00	0.00
160	B	Energy Users Association of Australia	Prospects of an appeal against ESCoV Final determination	7,000.00			7,000.00	0.00
161	B	Energy Markets Reform Forum, Energy Users Coalition of Victoria and Energy Consumers Coalition of South Australia	Respond to AEMC transmission revenue paper issued October 2006	21,120.00			21,120.00	0.00
164	D	Centre for Credit and Consumer Law	Capacity building for the panel-funded advocate through attendance at energy conference	3,295.00			3,295.00	0.00
165	B	Energy Markets Reform Forum, Energy Users Coalition of Victoria and Energy Consumers Coalition of South Australia	Respond to AEMC issues paper on transmission pricing	21,120.00			21,120.00	0.00
166	D	Queensland Consumers Association	Research consumer issues involved in FRC in the Queensland electricity market	10,709.00			10,709.00	0.00
167	B	Energy Users Association of Australia	Submission to AEMC on its review of the regulatory test	38,500.00				38,500.00

APPLIC NO	CLASS	APPLICANT	PROJECT TITLE	AMOUNT FUNDED	PAYMENT 2003/04	PAYMENT 2004/05	PAYMENT 2005/06	BALANCE OWING 30 JUNE 2006
			principles					
168	B	Energy Users Association of Australia	Powerlink revenue determination by AER	65,520.00			24,000.00	41,520.00
172	B	Major Energy Users Inc representing Energy Market Reform Forum, Energy Consumers Coalition of South Australia, Energy Users Coalition of Victoria and Major Employers Group Tasmania	Respond to AER paper on pass through and revenue cap re-opening	14,000.00			14,000.00	0.00
176	B	Energy Users Association of Australia and Energy Action Group	Undertake advocacy on MCE SCO review of decision making by AER	8,500.00				8,500.00
177	B	Energy Users Association of Australia	Network service and connection agreements in Queensland	52,500.00				52,500.00
184	D	Total Environment Centre	Develop issues paper on jurisdictional directions	37,500.00				37,500.00
187	D	Consumer Law Centre Victoria	Continue NEM project through network coordination, communication and conferences	48,860.00			48,860.00	0.00
188	B	Energy Users Coalition of Victoria and Electricity Consumers Coalition of South Australia	Fund travel costs for D Headberry as a member of the AEMC's Transmission Prescribed Services and Negotiated Transmission Services Working Group	1,600.00				1,600.00
190	B	Energy Users Association of Australia	Respond to National Electricity Amendment (Economic Regulation of Transmission Services) Rule 2006	25,000.00			25,000.00	0.00
191	D	Consumer Utilities Advocacy Centre and Public Interest Advocacy Centre	Workshop on AEMC Review of the electricity transmission revenue and pricing rules: identifying the issues and impacts on small end-users	4,191.64			4,191.64	0.00
192	D	Australian Council of Social Service	Attend course on "Fundamentals of the Australian Competitive Electricity Industry"	2,900.00				2,900.00

APPLIC NO	CLASS	APPLICANT	PROJECT TITLE	AMOUNT FUNDED	PAYMENT 2003/04	PAYMENT 2004/05	PAYMENT 2005/06	BALANCE OWING 30 JUNE 2006
193	D	Alternative Technology Association	Continued funding for representation and advocacy for small-scale renewable energy in the NEM	24,064.00				24,064.00
194	M	City of Greater Bendigo	Transmission equalisation adjustment type scheme retention strategy	75,000.00				75,000.00
196	B	Major Energy Users Inc (EMRF, ECCSA, EUCV & MEG Tasmania)	AEMC transmission pricing and revenue review - participate in 2006 pricing review process	83,680.00				83,680.00
197	B	Major Energy Users Inc (EMRF, ECCSA, EUCV & MEG Tasmania)	Respond to Reliability Panel May 2006 Comprehensive Reliability Review paper	50,000.00				50,000.00
202	B	Energy Users Association of Australia	Respond to AEMC imminent draft report on congestion management	22,100.00				22,100.00
208	D	Consumer Law Centre Victoria	NEM consumer protection advocacy kit	18,000.00				18,000.00
212	B	Major Energy Users Inc (EMRF, ECCSA, EUCV & MEG Tasmania)	Develop response to the AEMC Draft Rule on transmission revenue and attend conference	26,800.00			26,800.00	0.00
<b>Sub Total</b>				1,266,826.64	0.00	0.00	600,842.70	665,983.94
<b>Total</b>				2,442,585.36	6,000.00	281,214.31	1,207,734.79	947,636.26

The Panel also paid costs of \$307,114 (2004/2005: \$369,274) for the carrying out of its functions under the Rules. The costs relate to two categories; administration expenses for the Panel and its staff and Panel member benefit expenses including sitting fees and travel to meetings by the customer representatives and the chairman.

The decrease in expenses over the previous year was primarily due to reductions in accountancy expenses and sitting fees for members. The reduction in sitting fees was due to two factors – a reduction as from 1 January 2006 in the daily sitting fees paid to members and a reduction in the time spent on administrative activities by members of the Panel as a result of the employment of a part-time executive officer as from March 2005.

The costs of carrying out the Panel's functions were equivalent to 21.0% of total revenue in 2005/2006 and 32.0% in the previous year.

### **Extent to which the allocation of funding satisfied the principles in cl 8.10.3 (d)**

The Panel believes the funding it allocated in 2005/2006 fully satisfied the following principles in cl 8.10.3(d).

- (i) **diversity in allocation.** Diversity has been achieved in terms of the number of end-users represented, the nature of the interests represented and the issues that were the subject of funding.

The number of end-users funded and the range of their interests is demonstrated in the following table:

SUMMARY OF FUNDING APPROVALS 2005/2006				
APPLICANT	NO	TOTAL	% OF FUNDING	
	OF PROJECTS	AMOUNT FUNDED	FOR SECTOR	OVERALL
<b>Business Applicants</b>				
Energy Consumers Coalition of South Australia and Energy Users Coalition of Victoria	1	1,600	0.20%	0.13%
Energy Markets Reform Forum, Electricity Consumers Coalition of South Australia, and Energy Users Coalition of Victoria	3	56,740	7.13%	4.48%
Major Energy Users: Energy Markets Reform Forum, Electricity Consumers Coalition of South Australia, Energy Users Coalition of Victoria and Major Employers Group Tasmania	4	174,480	21.93%	13.77%
Sub Total	8	232,820	29.26%	18.38%
Energy Users Association of Australia	11	482,281	60.61%	38.07%
Energy Users Association of Australia and Energy Action Group	1	8,500	1.07%	0.67%
Energy Users Association of Australia on behalf of EAG, EMRF, ECCSA and EUCV	1	19,495	2.45%	1.54%
Sub Total	13	510,276	64.13%	40.28%

SUMMARY OF FUNDING APPROVALS 2005/2006				
APPLICANT	NO	TOTAL	% OF FUNDING	
	OF PROJECTS	AMOUNT FUNDED	FOR SECTOR	OVERALL
Aria Professional Services and Property Council of Aust	1	52,640	6.62%	4.16%
Total	22	795,736	100.00%	62.81%
<b>Domestic Applicants</b>				
Australian Council of Social Service	2	124,900	31.53%	9.86%
Tasmanian Council of Social Service	1	27,000	6.82%	2.13%
Consumer Law Centre Victoria	2	66,860	16.88%	5.28%
Total Environment Centre	1	37,500	9.47%	2.96%
Consumer Utilities Advocacy Centre and the Centre for Regulatory Studies	1	62,571	15.80%	4.94%
Consumer Utilities Advocacy Centre and Public Interest Advocacy Centre	1	4,192	1.06%	0.33%
Alternative Technology Association	1	24,064	6.08%	1.90%
Energy Action Group	3	35,000	8.84%	2.76%
Griffith Univ Centre for Credit and Consumer Law	1	3,295	0.83%	0.26%
Queensland Consumers Association	1	10,709	2.70%	0.85%
Total	14	396,091	100.00%	31.27%
<b>Sector: Mixed</b>				
City of Greater Bendigo	1	75,000	100.00%	5.92%
Total	1	75,000	100.00%	5.92%
Grand Total	37	1,266,827		100.00%

The range of issues funded is demonstrated in the following table:

NEM ISSUE	NO OF	FUNDING	% OF
	PROJECTS	\$	FUNDING
Attendance at Forums	2	7,092	0.56%
Capacity Building	6	383,755	30.29%
Connection	1	27,000	2.13%
Demand Management	2	92,640	7.31%
Distribution	3	125,020	9.87%
Retail	1	10,709	0.85%
Transmission	13	382,545	30.20%
Wholesale Market Design	9	238,066	18.79%
Total	37	1,266,827	100.00%

(ii) **advocacy to relate to Rules or market etc.** Each of the approved applications satisfied the Panel's funding criteria of advocating the interests of domestic and/or business consumers of electricity traded in the national electricity market in that they:

- related to the development, design or policy behind the national electricity market, its regulations, rules and codes that may apply from time to time;
- related directly to:

- the responsibilities of the Australian Energy Market Commission (AEMC) or the National Electricity Market Management Company (NEMMCO) under the National Electricity Law and the Rules; or
- the monitoring, investigation or enforcement responsibilities of the Australian Energy Regulator (AER) or functions of the AER relating to the exemption from registration of network service providers under the National Electricity Law and the Rules; or
- had implications for the national electricity market as a whole.

(iii) **applicants to represent a reasonable number of end-users.** Eligible applicants fall into two categories – bodies who represent the interests of their members who are end-users of electricity (e.g. Energy Users Association of Australia, Major Energy Users Inc) and bodies who act in the interests of end-users (e.g. Australian Council of Social Service, Consumer Law Centre Victoria). It is considered that parties in these categories were variously representative of a reasonable number of end-users or the work was in the interests of a reasonable number of end-users.

(iv) **co-funding.** The applicant must fund a share of project costs unless the Panel grants a waiver for this requirement. Prior to 8 October 2005, an applicant was required to fund at least 30% of the project costs unless a waiver was granted. Since that date, the co-funding requirement has been 20% for representatives of business end-users and 10% for representatives of domestic end-users. The following table shows the budgeted project cost for grants awarded in 2005/06 and the applicant's share as co-funder.

PROJECT NO	PROJECT BUDGET \$	PANEL FUNDING \$	APPLICANT'S SHARE \$	APPLICANT'S SHARE %
<b>Business Users</b>				
25	215,136	135,536	79,600	37.00%
134	108,000	40,000	68,000	62.96%
135	130,250	50,000	80,250	61.61%
140	30,850	19,495	11,355	36.81%
141	52,640	52,640	0	0.00%
145	20,300	19,000	1,300	6.40%
153	34,100	27,125	6,975	20.45%
159	19,400	14,500	4,900	25.26%
160	7,000	7,000	0	0.00%
161	26,400	21,120	5,280	20.00%
165	26,400	21,120	5,280	20.00%
167	72,550	38,500	34,050	46.93%
168	110,900	65,520	45,380	40.92%
172	17,600	14,000	3,600	20.45%
176	12,000	8,500	3,500	29.17%
177	65,900	52,500	13,400	20.33%
188	3,600	1,600	2,000	55.56%
190	31,250	25,000	6,250	20.00%
196	123,680	83,680	40,000	32.34%
197	71,760	50,000	21,760	30.32%
202	33,500	22,100	11,400	34.03%
212	35,800	26,800	9,000	25.14%
	1,249,016	795,736	453,280	36.29%
<b>Domestic Users</b>				
126	105,034	62,571	42,463	40.43%
133	165,612	122,000	43,612	26.33%

PROJECT NO	PROJECT BUDGET \$	PANEL FUNDING \$	APPLICANT'S SHARE \$	APPLICANT'S SHARE %
144	18,000	5,000	13,000	72.22%
146	27,800	27,000	800	2.88%
155	39,000	10,000	29,000	74.36%
158	45,000	20,000	25,000	55.56%
164	3,845	3,295	550	14.30%
166	15,380	10,709	4,671	30.37%
184	50,700	37,500	13,200	26.04%
187	67,210	48,860	18,350	27.30%
191	7,030	4,192	2,838	40.37%
192	4,602	2,900	1,702	36.98%
193	32,064	24,064	8,000	24.95%
208	20,400	18,000	2,400	11.76%
	601,677	396,091	205,586	34.17%
<b>Mixed Users</b>				
194	75,000	75,000	0	0.00%
Total	1,925,693	1,266,827	658,866	34.21%

The co-funding requirement is difficult for some applicants, especially domestic applicants.

- (v) **project plan.** Each of the approved applications either included or was approved subject to a project plan as described in cl 8.10.6(e)(5) of the Rules. The Panel's practice is that its funding application form requires provision of a project plan and milestones against which payments are to be made.
- (vi) **making available appropriate records, accounts and reports.** Generally the Panel's practice is to make payment after receipt of the relevant report or submission and against an invoice from the applicant as provided for in the funding agreement.
- (vii) **completion report.** Given the above practice, it has generally not been necessary to request a completion report.

In accordance with the Rules, the Panel will issue its annual report for 2005/2006 in March 2007. The report will be available on the Panel's website.

Frank Peach  
Acting Chairperson  
20 November 2006