

NATIONAL ELECTRICITY CONSUMERS ADVOCACY PANEL

STRATEGIC PLAN 2007 - 2009

On 13 September 2007, the Panel issued for comment by stakeholders a draft strategic plan for 2007-2009.

Submissions on the strategic plan were received from the Australian Council of Social Service (ACOSS), the Consumer Action Law Centre (CALC), and the Centre for Credit and Consumer Law at Griffith University (CCCL). The respondents represent domestic end-users of electricity, particularly low income and disadvantaged end-users.

A summary of the main points made by respondents in their submissions and the Panel's responses are set out below.

As a result of the submissions, the Panel reviewed the strategic plan. The plan was then adopted and is set out below.

Respondent and its comments	Response
Australian Council on Social Service	
<p>ACOSS was concerned at the Panel's statement of purpose – "The Panel's purpose is to facilitate end-user advocacy in the national electricity market so the views of all classes of end-user can impact on decision-making on market policy and regulation." ACOSS suggests the statement be amended to reflect the new objective set out in the Bill i.e. the Panel must seek to promote the interests of all consumers of electricity or natural gas while paying particular regard to benefiting small to medium consumers of electricity or natural gas.</p>	<p>The 'purpose' statement reflects the current responsibilities of the Panel.</p>
<p>The plan refers to certain groups of end-users who are currently under-represented in advocacy. ACOSS says that if there are indeed such groups they are unlikely to be large consumers who have the resources to undertake their own advocacy and therefore need not be funded by the Panel.</p>	<p>The Panel has noted that consumer groups such as local government, rural users, small business, and residential end-users (who do not fall into the low-income or disadvantaged group) are under-represented in applications for funding.</p> <p>ACOSS' contention that large consumers need not be funded by the Panel is at odds with the new objective for the Panel set out in new legislation proposed by the MCE i.e. the Panel must seek to promote the interests of all consumers of electricity or natural gas while paying particular regard to benefiting small to medium consumers of electricity or natural gas.</p>
<p>The reference to "effectiveness and efficiency" under Values, should also refer to the Panel's administrative functions and commissioned research.</p>	<p>Under Performance Indicators the Panel dealt with the issue of the effectiveness and efficiency of its administrative functions by noting that it will develop a business plan for its administrative functions that will maintain an appropriate balance between an effective and responsive administrative structure and keeping administrative costs to a minimum.</p> <p>It would be advisable, in order for stakeholders to clearly understand the Panel's values, to include administrative structure and research program in the effectiveness/efficiency value, as suggested by ACOSS.</p>
<p>ACOSS comments on the Panel's vision that its funding be spread across regions and end-user classes according to need and offers to discuss the matters of need, regional representation, and effectiveness.</p>	<p>Noted. The Panel's plan to, in conjunction with end-user advocates, facilitate the development of the most effective model for end-user advocacy will involve discussion along the lines suggested by ACOSS.</p>
<p>Key result area – reorganise project funding in order to align it with the Panel's strategic intentions. ACOSS asks if the strategic intentions are those referred to under the heading of Vision and how they relate to the structured approach to funding developed</p>	<p>The Panel's strategic intentions are set out in the points listed under Vision. One of the inputs to the Vision is the advocacy agenda identified with end-user advocates through the annual preparation of a structured approach to funding. It is through this process that the Panel is informed of the issues</p>

Respondent and its comments	Response
earlier in 2007.	and priorities of the end-user advocates. One matter not dealt with under the heading of Vision is the matter of the issues that are of priority in the NEM. It is therefore recommended that the funding statement be modified to read "Funding is spread across issues, regions and end-user classes according to need."
In relation to building the capacity of advocacy groups, ACOSS argues that the advocacy groups that are currently funded should continue to be funded.	The Panel's view is that consideration should be given to reviewing current advocacy/capacity building advocacy approaches in order to determine the most effective model for advocating on behalf of end-users.
ACOSS suggests that perverse outcomes may result from the Panel seeking an increase in the range and number of advocacy groups that apply for funding. This may result in the Panel's funding being spread too thinly and therefore not being effective. It may be more effective to enable existing advocacy groups to extend their coverage to under-represented classes of end-user.	The Panel's objective is to maximise the effectiveness of the funding it provides to advocates. It is noted that providing small amounts of funding to a multitude of advocacy organisations may not produce the best results for end-users. The decision as to whether the best results are obtained by providing additional funding to enable existing advocates to extend their coverage of end-user classes or funding new advocates to represent those end-user classes will hopefully come from the consideration of the most effective advocacy model.
ACOSS suggests that it may assist prospective new applicants for funding if the Panel developed a matrix of priority issues and consumer classes. ACOSS asks if the Panel continues to be concerned that agribusiness and local government are not represented in applications for funding and whether the Panel has identified other classes of unrepresented end-user.	As mentioned above, residential users who are not in the low-income or disadvantaged classes, local government, small business, and rural and regional end-users are end-user classes that the Panel considers to be under-represented to date. This extends across the whole range of NEM issues.
In relation to the Panel's plan to consult with stakeholder groups about innovative capacity building approaches and fund such a trial, ACOSS suggests the alternative of identifying, promoting and supporting models of innovation in the work of currently funded projects.	Consideration of the most effective model for advocating on behalf of end-users would include considering the performance and attributes of currently funded projects.
ACOSS suggests the Panel adopt a strategy directed to promoting its work and the work of its funded projects.	An action under the heading of 'building the capacity of advocacy groups' is for the Panel to promote its resources to groups of end-users who are currently under-represented. The Panel promotes the work of its funded projects by publishing the project reports on its website.
In relation to the Panel's intention to enhance its reporting and budgetary system, ACOSS raises questions about the timing of the preparation of the 2009/2010 funding budget.	The uncertainty over the timing of the enactment of the proposed new responsibilities for the Panel has complicated the timing for the budgeting process. The Panel will be developing the budget for 2008/2009 in accordance with the Advocacy Panel provisions in the current National

Respondent and its comments		Response
		Electricity Rules. The transitional provisions for the Panel's new responsibilities enable that budget to be approved as the budget for the first year of the Panel's operations under the new arrangements. In future, after the new responsibilities commence, the Panel will follow the timetable set down in the legislation which includes commencing the budgeting process at a time that will allow stakeholder input to the development of the budget.
Consumer Action Law Centre		
	CALC is concerned that the Panel's purpose, values and vision do not specifically mention small to medium users of electricity and gas as mentioned in the AEMC Amendment Bill. CALC also expresses concern about the energy consumption levels used to define small to medium users. CALC recommends that the Panel support projects that would not be undertaken without the support of Panel funding.	As mentioned above, the statement of purposes relates to the Panel's current responsibilities. The matter of the consumption levels used to define small to medium users is not an issue for the Panel. It is the eligibility for funding of the applicant and the project (as set down in the Panel's funding criteria), the priority of the issue, the advocacy agenda agreed with end-user advocates, and the budget available to the Panel that determines what projects the Panel should fund.
	CALC says the strategic plan demonstrates a poor understanding of the nature of capacity building projects and about how this will impact the review of the Panel's capacity building funding allocation. It says capacity building projects are better described as employee-advocate positions.	The Panel distinguishes advocacy/capacity building projects from individual projects because while both contain advocacy, advocacy/capacity building projects take place over a longer timeframe, involve a greater number of issues and include as a specific objective the development of the knowledge, interest and participation of the funded-organisation in NEM issues.
	CALC suggests that regular meetings with funded advocates be included as a key action in the plan.	The Panel meets with funded advocates from time to time. It would be appropriate to include this in the action plan
	CALC urges the Panel to consider the likelihood of duplication if separate gas advocacy projects emerge. It suggests that funding be provided to develop the skills of existing advocates in gas advocacy.	Noted
	CALC believes that the National Consumer Roundtable includes all of the advocacy groups that represent residential consumers. Therefore it recommends that the Panel continue to provide funding support to them in order to consolidate knowledge and advocacy. By also providing funding to other groups, the Panel may dilute the impact of its funding.	The Roundtable is composed of groups who advocate in the interests of low-income and disadvantaged residential consumers, environmentally conscious small users (through TEC and ATA), and tenants. CUAC also has a focus on rural consumers. The bulk of residential users who do not fall into these classes are not represented by the Roundtable, especially if the interests of that group conflict with those of the represented classes. As mentioned above, the Panel's objective is to facilitate the development of the most effective model for advocating on behalf of all of the major classes of end-user in order to maximise the impact of its funding.

Respondent and its comments		Response
	CALC suggests that current capacity building/employee advocate projects would be improved if the Panel were to provide additional funds to improve the skills and knowledge of existing advocates.	Noted
	CALC supports the evaluation of the effectiveness of projects but recommends that the evaluation be carried out by an external person or organisation with expertise in project assessment and evaluation and knowledge of the operations of community-based organisations.	As to whether the project evaluations will be carried out by external or internal resources is yet to be decided. Irrespective, the evaluator will require the experience and knowledge to understand the nature of each of the organisations that the Panel funds.
	In relation to issues that confront the Panel, CALC notes that the Panel has not considered the price consumers pay for energy.	Noted. The list of issues under the heading of Market Context was not intended to be a list of every issue that will impact on the nature and degree of demand for energy market advocacy and on the work of the Panel.
	CALC says the Panel should prioritise the energy market reform program of the MCE in its funding allocation.	The energy market reform program has priority in the Panel's advocacy agenda for 2007/2008 agreed with end-user advocates earlier this year.
Centre for Credit and Consumer Law		
	CCCL notes that the plan refers to benefiting all classes of end-users whereas the plan should concentrate on small to medium end-users	As mentioned above, the Panel is required to promote the interests of all consumers of electricity
	CCCL's experience is that small-end users in Queensland have insufficient knowledge of the Panel and may even lack the time and resources needed to apply to the Panel for funding.	Noted. On occasions in the past, the Panel has provided additional funding to assist the development of an application for funding. Seeking this type of assistance is an option available to prospective applicants and the facility is promoted by the Panel.
	CCCL agrees that the project evaluation process must be acceptable to those being assessed. It says this was not the case in relation to the timing of the recent evaluations.	For the project evaluation process to have credibility, it must be acceptable to end-user advocates. This is why the Panel is presently consulting stakeholders on the evaluation process.
	CCCL notes the intention to further develop the Panel's budgetary model and recommends an expansion of the budget to take account of the advocacy needs of small end-users.	The Panel has no power to increase the current budget and is yet to determine a budget for the following financial year. CCCL's comment will be considered when preparing the budget for 2008/2009.
	CCCL raises some queries: <ul style="list-style-type: none"> ▪ How effectiveness and efficiency are to be defined; ▪ How the Panel intends to identify the needs of regions and 	Effectiveness and efficiency have their normal meanings – effectiveness relates to the quality of the work undertaken, the appropriateness of the setting of priorities for the issues to be dealt with, and the results achieved by the work undertaken. Efficiency relates to the cost of the work undertaken in comparison with its effectiveness. The Panel will look to end-users and their advocates to identify the needs of

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<p>end-users;</p> <ul style="list-style-type: none"> ▪ How the Panel will seek to increase the range and number of advocacy groups that apply for funding; ▪ How will the Panel determine what a reasonable size for a group of end-users is? 	<p>regions and end-users.</p> <p>The Panel will seek to promote its services to end-users and advocates in order to identify groups who may wish to represent end-users currently not represented.</p> <p>The Panel will decide on the 'reasonable size' based on the facts of each application.</p>

STRATEGIC PLAN 2007 - 2009

Introduction

The National Electricity Consumers Advocacy Panel (the Panel) commenced funding advocacy projects in May 2003 and to 10 September 2007 had allocated a total of \$5,787,583 to 170 projects.

The Panel is now entering a period of significant change in its governance and funding allocation responsibilities that will result from the enactment of the Australian Energy Market Commission Establishment (Consumer Advocacy Panel) Amendment Bill 2007. The Panel has therefore prepared this strategic plan in order to identify its priorities and to provide a focus for its activities in the near future.

In developing the strategic plan the Panel has considered its purpose, values, and vision in order to identify its key result areas. In order to evaluate its progress, the Panel has developed performance indicators to monitor the implementation of the strategic plan. The Panel has also considered the context of the energy market to identify issues that will impact on its operations and responsibilities in the near term.

In order that the Panel is transparent with stakeholders about its direction and priorities, the strategic plan was published for the information of and comments by stakeholders and has been reviewed in the light of the consultation.

Purpose

The Panel's current purpose is to facilitate end-user advocacy in the national electricity market so the views of all classes of end-user can impact on decision-making on market policy and regulation

Values

The Panel is committed to:

- Effectiveness and efficiency in its funding allocation, research program and administrative functions;
- Integrity - the Panel's decisions are ethical, impartial, and honest;
- Diversity - the Panel supports access and equity of advocacy for all classes of end-user in the national electricity market;
- Accountability - the Panel operates in a way that is transparent, consistent, cost-effective and demonstrates good corporate governance.

Vision

The Panel's vision is a national electricity market in which decisions fully reflect the interests of all end-users and where:

- Decision-makers are informed in their decision-making of the interests of all classes of end-user;
- The capability of end-user advocacy groups is developed to a highly competent and sustainable level;
- Funding is spread across issues, regions and end-user classes according to need;
- A robust project evaluation process assists the Panel's decision-making in order to maximise quality outcomes from funding allocations;
- A vibrant research program operates and is open to contributions from a range of disciplines;

- The Panel operates cost-effectively and maximises the funds available for advocacy;
- The Panel's decisions are transparent and it communicates decisions promptly, clearly and pro-actively and responds promptly to issues raised.

Key result areas

- **Project funding**

Actions

- Review the advocacy/capacity building funding allocation strategy for January-June 2008 following the evaluation of two projects being undertaken in 2007;
- Reorganise project funding in order to align it with the Panel's strategic intentions;
- Gas
 - Develop for budgetary purposes a methodology for allocating joint administrative and project costs to electricity and gas funding sources;
 - Integrate gas advocacy and research:
 - a. Develop a gas advocacy agenda, as has been done for electricity;
 - b. Scope the potential gas advocacy projects for January to December 2008 in order to develop an initial gas advocacy budget for recommendation to the MCE;
 - c. Arrange a briefing for the Panel on the gas industry structure and regulation – involve regulators, policy makers, and advocates;
 - d. Plan a communication strategy to advise applicants of the Panel's role in gas advocacy including procedures and timelines;
 - e. Develop funding criteria and application guidelines for gas projects.

- **Building the capacity of advocacy groups**

Actions

- Increase the range and number of advocacy groups that apply for funding;
- Promote the Panel's resources to groups of end-users who are currently under-represented;
- Review the advocacy/capacity building strategy as a result of the evaluation of such projects;
- Consult with stakeholder groups about innovative advocacy/capacity building approaches and fund a trial of such an approach;
- Regularly meet with funded advocates and prospective applicants.

- **Research**

Actions

- Develop a research agenda in conjunction with stakeholders;
- Commission initial research initiatives in 2008/2009.

- **Evaluation of projects**

- **Actions**

- Evaluate another project in addition to the two advocacy/capacity building projects being evaluated in 2007;
 - Conduct evaluations that will be comprehensive, realistic, acceptable to those being assessed, and economical in cost;
 - Conduct evaluations in proportion to funding allocations e.g. if 70% of funding is for advocacy/capacity building, then 70% of the evaluation budget should be directed to those projects;
 - Use the results of the evaluation process to improve funding allocation decisions and improve future advocacy.

- **Panel operations**

- **Actions**

- Enhance the process for scoping the Panel's annual advocacy agenda by including consultation with a wider range of stakeholders such as local government organisations, relevant industry associations and other end-user representative bodies;
 - Enhance the reporting and budgetary systems by:
 - a. Further developing the current funding budgetary model so it takes into account current and anticipated needs to arrive at an allocation of the funding budget between different types of advocacy (advocacy/capacity building and individual projects) and across different issues, and between research, evaluation and administration;
 - b. Reviewing the allocation of the project funding budget annually using feedback from the evaluation process;
 - c. Developing a business plan for the Panel's support needs including issues such as location of the office, staffing skills and numbers, succession planning;
 - Develop an outline of the new approach under the impending legislation to preparing and having approved the Panel's annual report;
 - Develop a governance policy that outlines how the Panel will fulfil its responsibilities and carry out its activities consistent with its purpose, values and vision;
 - Annually seek stakeholders' views on the performance of the Panel;
 - Establish a process to evaluate the performance of Panel members and carry out the assessment annually.

Performance Indicators

Project Funding

- Completion of a review of two advocacy/capacity building projects and the development of a policy for the funding of such projects;
- Approval by the MCE of guidelines for applicants for funding and for the allocation of grants which take into account the criteria determined by the MCE and the views of stakeholders;
- Approval by the AEMC of the annual budget for 2008/2009;
- Project funding fully allocated and in line with the stated strategic priorities;

- Panel and stakeholders report a smooth integration of gas advocacy by June 2008.

Building the capacity of advocacy groups

- Completion of a trial of a refined approach to advocacy/capacity building funding;
- Engagement by 30 June 2008 of two additional end-user representative organisations in advocacy on energy issues.

Research

- Implementation of a research agenda for 2008/2009 on matters of benefit to energy end-users.

Evaluation of Projects

- Completion of trial evaluations of two advocacy/capacity building projects and an individual project;
- Implementation of a process that will evaluate the efficiency and effectiveness of funded projects and provide feedback to the Panel and stakeholders that will enhance future advocacy.

Panel Operations

- Completion of the annual advocacy agenda for 2008/2009 incorporating consultation with a wide range of Panel stakeholders;
- Completion of a business plan for the Panel's administrative functions that maintains an appropriate balance between an effective and responsive administrative structure and keeping administrative costs to a minimum;
- Acceptance by the AEMC of a comprehensive and informative annual report by the Panel.

Market context – issues confronting the Panel

The following issues will have an impact on the nature and degree of demand for energy market advocacy in the near future and therefore will impact on the work and functions of the Panel:

- **Supply and demand issues**

Issues relating to the adequacy of supply (both baseload and peaking generation) and alternatives to traditional generation sources (renewable energy, embedded generation, impact of smart meters, and greater demand side response) will require input from end-users at the policy and implementation stages.

- **The continuing move to a nationally regulated electricity market**

Since the establishment of the AEMC and the AER there has been a movement towards greater national regulation of the energy market, for example the AEMC's review of the effectiveness of competition in the energy retail markets, establishment of the National Energy Market Operator, a consistent national framework for Community Service Obligations, and the development of national arrangements for energy distribution (non-economic) and retailing (non-price) regulation. This trend generates additional need for advocacy of end-users' views.

- **The continuing need to assist in building the capacity of end-user advocates in some areas**

The Panel notes that advocacy organisations that represent end-users of electricity and their interests are still in an evolving stage. As part of the process of ensuring that the funds available to the Panel are used to the greatest benefit of end-users, the Panel will work with the organisations it funds to ensure that they advocate on behalf of end-users in an efficient and effective manner.

In situations where classes of end-users of a reasonable size are not being represented in energy matters, the Panel will make its services known to those classes of end-users and will assist to establish appropriate representation on energy matters.

- **Climate change and global warming**

Issues such as climate change and global warming and their impact on hydro power, carbon trading, possible use of nuclear energy, and the development of water desalination plants will impact on energy policy.

It is possible that other events, for example continued high oil prices or terrorist acts, may push Australia to change its energy mix or to put added emphasis on energy security. Responses to such events could give rise to additional debate and advocacy.

- **Increasing demands for transparency, accountability and good governance in the Panel's operations**

The Ministerial Council on Energy is changing the Panel's oversight and governance arrangements in order to improve its accountability and the transparency of its functions. In addition, stakeholders such as advocates, representatives of consumers, and energy market participants expect the Panel to be accountable for its performance. The impact of these expectations on the Panel's funding allocation and administrative operations must be managed in an effective manner.

- **The impact of impending legislation on the Panel's work program and functions**

Changes are proposed to the AEMC Establishment Act to give the Panel power to fund gas advocacy and energy research. The Panel must respond to these new responsibilities by maintaining a cost-effective administrative structure and by reaching agreement with stakeholders on the interpretation of the key new responsibility to "seek to promote the interests of all consumers of electricity or natural gas while paying particular regard to benefiting small to medium consumers of electricity or natural gas".

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