



TOTAL ENVIRONMENT CENTRE INC.
National Electricity Market Campaign

Suite 2, 89-97 Jones Street, Ultimo, NSW 2007
Ph: 02 9211 5022 | Fax: 02 9211 5033
www.tec.org.au

Submission to the AER

Stakeholder engagement guideline

Draft guideline

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Mark Byrne
Energy Market Advocate
markb@tec.org.au

Glen Wright
Energy Market Researcher
glenw@tec.org.au

Total Environment Centre's National Electricity Market Advocacy

Established in 1972 by pioneers of the Australian environmental movement, Total Environment Centre (TEC) is a veteran of more than 100 successful campaigns. For nearly 40 years, we have been working to protect this country's natural and urban environment, flagging the issues, driving debate, supporting community activism and pushing for better environmental policy and practice.

TEC has been involved in National Electricity Market (NEM) advocacy for eight years, arguing above all for greater utilisation of demand side participation — energy conservation and efficiency, demand management and decentralised generation — to meet Australia's electricity needs. By reforming the NEM we are working to contribute to climate change mitigation and improve other environmental outcomes of Australia's energy sector, while also constraining retail prices and improving the economic efficiency of the NEM — all in the long term interest of consumers, pursuant to the National Electricity Objective (NEO).

Stakeholder engagement guideline

TEC appreciates the opportunity to make a submission to the AER regarding the Draft Stakeholder Engagement Guideline. TEC is strongly in favour of such a guideline, provided that it is followed up with strong practical action on the part of the AER. Overall, we have been impressed to date with the level of commitment the AER has shown to its Better Regulation process, and we hope this will continue in implementing this Guideline.

Broadly we are in favour of the principle-led framework that the AER has proposed, and agree that the principles would result in improved stakeholder engagement. We agree that the Framework covers the appropriate range of AER activities and stakeholders, and that the proposed principles are relevant and appropriate.

TEC does however have three key concerns that result from our lengthy engagement with the AER and NEM processes. The first two relate to the implementation of principle 2 – accessibility and inclusivity. The third concern relates to monitoring the implementation of the guideline. We set out these concerns below.

Inclusivity: breadth of consultation

The Guideline commits the AER to: “accept the different agendas of different stakeholders and take steps to hear all voices so that the dominant groups are not the only ones heard”. We believe that this is crucial to ensuring that regulatory processes provide a fair outcome for all consumers. TEC has recently experienced marginalisation in its engagement with the AER, in spite of being one of only two environment-focused consumer groups engaging with NEM processes.

TEC and the ATA provide the only representation in NEM processes consumers actively concerned with environmental issues, such as GreenPower customers and solar owners, and the only representation of the interest of all consumers in having a safe environment and climate. In the absence of an environmental objective in the NEO, these concerns have been played out primarily by advocating for the last decade for

more demand-side participation in the NEM: ie, more demand management, energy efficiency and local generation.

TEC's application to be part of the Consumer Reference Group for the Better Regulation program was rejected by the AER. To our knowledge, TEC was one of only 2 applicants of over 20 not to be accepted, despite there being no other group representing environmental consumers involved. This decision, which was made without adequate or reasonable explanation, has made ongoing engagement with the Better Regulation process difficult. We hope that the committed implementation of this Guideline will prevent anomalies such as this from occurring in the future.

Accessibility: capacity to engage

Our second concern is that, to date, the AER has not made many of the complex regulatory processes in the NEM sufficiently accessible to the wide range of advocacy organisations, whose involvement would benefit the AER and the NEM as a whole. As an example we cite the 5 yearly network revenue determinations, which are generally far too complex for most consumer advocacy organisations to be involved in. There is simply a lack of capacity in such organisations to process the information and put forward a consumer voice, yet such processes are extremely important in terms of outcomes for consumers.

We acknowledge that the Guideline states that the AER will, "where necessary and appropriate, assist stakeholders to engage". In this regard, we feel that the AER will have to strongly commit to such assistance. In the case of expenditure proposals, our experience suggests that the AER will need to expend considerable time and effort in making the process accessible. Such processes require that the AER not only provide simple explanations of the processes, but also assist consumer advocates to access the specialised economic and other analyses that would enable advocates to identify the best outcomes for consumers. This would mean that the AER, rather than purely acting as an arbiter between two greatly unequal sides will help to ensure that the two sides are more equal. We acknowledge that the AER has made a significant contribution to this end in relation to the current round of revenue resets.

Monitoring implementation

We are concerned that Principle 4, measurability, is underdeveloped in comparison to the other more substantive principles. Measurability is crucial to ensuring that the Guideline actually meets its aims and drives improvements in stakeholder engagement. While the Guideline as drafted states that evaluation is critical, there is a lack of detail in how this will be conducted, other than saying that a range of methods will be used and that public reporting will take place.

Ideally TEC would like to see the establishment of an independent authority, such as an ombudsman, that could oversee this guideline, as well as other energy-related regulatory processes. We acknowledge, however, that such a proposal is well beyond the scope of this consultation.

A more suitable approach for this guideline may be to develop KPIs for each principle; public reporting could then be done against these KPIs. For example, a KPI for inclusivity could be the range of groups

involved, i.e. ensuring that large and small consumer groups, as well as specific interest groups such as vulnerable consumer and environmental groups, are included. In terms of timeliness, a KPI could be developed to provide clear timelines for the various stages of engagement.

Other principles may simply require binary KPIs, i.e. whether or not a certain activity was carried out. For example, an appropriate KPI for ensuring clear communication under principle one could simply be whether plain English summaries were produced.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Angel', written in a cursive style.

Jeff Angel
Executive Director

Contact:

Mark Byrne
Energy Market Advocate
markb@tec.org.au