



Energy  
Consumers  
Australia

Annual  
Report

2015 /2016



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01

# FROM THE CHAIR

*The fact is that while talking about 'disruption' is de rigueur in policy circles, the service most consumers receive has changed remarkably little in the last ten years.*



I am pleased to present Energy Consumers Australia's 2015/16 Annual Report. Although this is Energy Consumers Australia's second annual report, it is our first report on a full year's operations.

In 18 months, Energy Consumers Australia has rapidly progressed from just the Board and three staff housed in temporary accommodation, to a fully-fledged advocacy organisation that is beginning to leave its mark as the new national voice for residential and small business energy consumers.

Our first priority during 2015/16 was gathering evidence about the lived-experience of energy consumers in the national energy market.

In April we conducted the first of what will become a twice-yearly survey of 2,500 energy consumers. In May we also held community consultations in 12 regional locations to talk directly with consumers about their issues.

The fact is that while talking about 'disruption' is de rigueur in policy circles, the service most consumers receive has changed remarkably little in the last ten years. The vast majority of people continue to purchase an energy-only product, where the only real choice is between payment discounts and pricing options.

And a succession of policy and regulatory initiatives in recent years designed to enliven the market and spur innovation are yet to bear fruit for consumers. Our research has found, for instance, that while almost every house in Victoria now has a smart meter, only 36 per cent of consumers actually know about the new technology lying dormant in their meter box.

But what has changed are the prices consumers are paying. The amount the average consumer spends on electricity and gas has doubled in the last eight years and left many people struggling with affordability and questioning whether they are getting value for money. The pressure on some has been acute, with a deeply troubling number of households – more than 150,000 in 2014/15 – being disconnected from their energy supply.

For Energy Consumers Australia this is indicative of a profound disconnect between what is happening on the supply side of this market, and the consumers that it is there to serve. Privatisation and deregulation of

retail markets has undoubtedly improved outcomes for consumers. However, there is a growing sense that many of the assumptions that underpin the current framework, for example that customer switching would discipline the market, or that consumer protections can be tied to supply-side arrangements, needs to be re-evaluated.

Importantly, this is the starting point for the agreed transition to a lower emissions economy. This transition will require extra investment to change the fuel mix to cleaner sources of energy and this will almost inevitably place further upward pressure on the unit price of energy for households and small businesses. In this context, the effectiveness of competition in delivering good outcomes for consumers is key.

In 2015/16 we started the task of developing policy and working with stakeholders to improve outcomes for consumers.

We renewed the Energy Consumers Australia Grants Program to align it with best practice grants management and ensure that it is geared towards building a shared evidence base on which strong, collegiate policy can be based.

In February we convened our first Foresighting Forum to identify opportunities to work collaboratively, and across the silos that inevitably form in such a complex market.

Given network costs have been one of the main drivers of price rises, ensuring consumers voices were being heard in the regulatory process was an immediate priority for the Board. That is why, as part of a broader, ongoing, strategy to ensure network regulation is effective and informed by consumers, Energy Consumers Australia funded the Public Interest Advocacy Centre's (PIAC) ground-breaking appeal of the NSW and ACT network revenue determinations in 2015/16.

In its first full year, Energy Consumers Australia has become a regular and authoritative presence in the policy and regulatory processes that bear on consumer outcomes in the National Energy Market: making contributions to AEMC rule changes and the retail competition reviews; providing a national consumer perspective on network consultative

committees; injecting evidence and insight into the AER's revenue setting processes; and working with ministers and officials through the COAG Energy Council to ensure that the market is working for consumers.

I want to thank and pay tribute to my fellow Board Directors for shepherding Energy Consumers Australia through its first full year. With their wisdom and expertise, we have implemented a robust set of governance arrangements and set a strong strategic direction for the organisation.

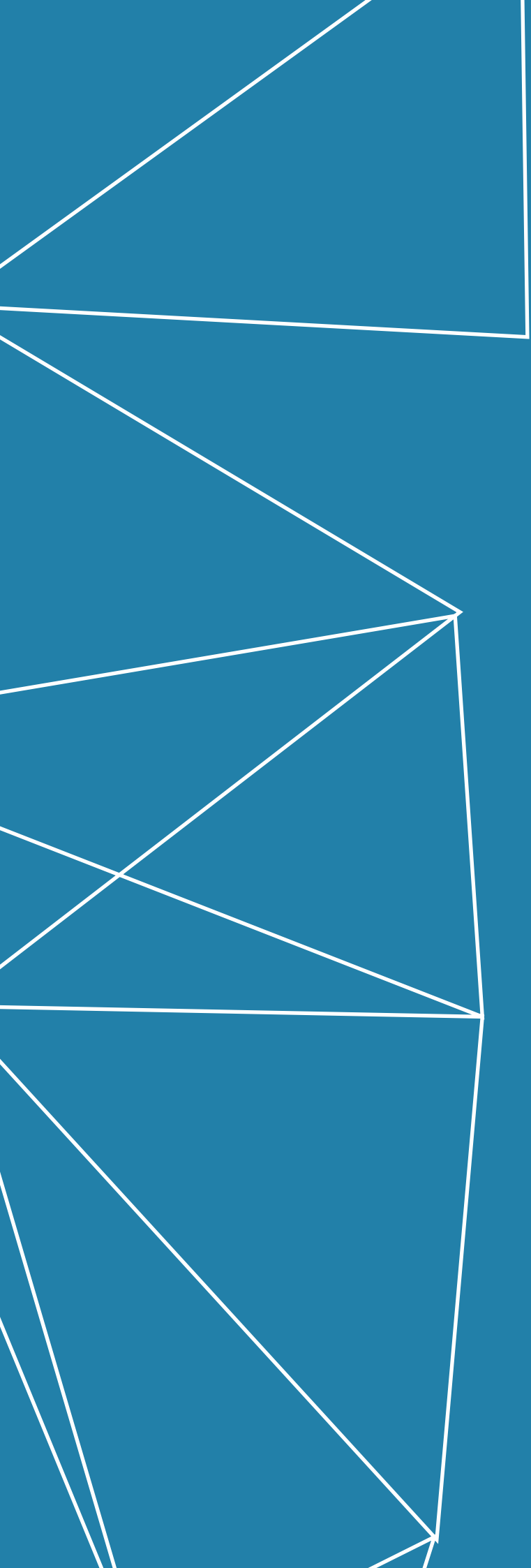
Energy Consumers Australia has also been in the exceedingly fortunate position to be able to draw on the wealth of experience and deep insight of our Reference Committee into the issues facing residential and small business consumers.

On behalf of the Board, thank you to Energy Consumers Australia's energetic and motivated staff, led so ably by CEO Rosemary Sinclair, for the dedication they have brought to the task of building a new organisation that can make a real difference for Australia's residential and small business energy consumers.

I want to end by noting the sad passing of Dr Gill Owen earlier this year. Gill was one of our founding Directors and made a huge contribution to the early life of Energy Consumers Australia.



**Louise Sylvan**  
**Chair**  
**Energy Consumers Australia**



02

FROM THE CEO

*At the heart of these priorities is the idea that the energy market is entering an entirely new phase where consumers, supported by technology and an array of new services, drive outcomes.*



I am pleased to report that we emerge from 2015/16 with all the building blocks in place to attack our mission of promoting the long-term interests of consumers with respect to price, quality, safety, reliability and security of supply.

As of March 2016, we reached a full complement of staff, and we now have in place a strong and experienced team organised around three directorates aligned with the activities specified in our company constitution: Research, Stakeholder Engagement, and Advocacy and Communications, with an Operations group to support the work of the Directorates and governance responsibilities of the Board.

In the small unit attached to the office of the CEO, we have deep economic expertise and extensive experience working at the most senior levels of government to deliver nationally significant policy.

And the re-vamped Energy Consumers Australia Grants Program is funding consumer advocacy and research that we believe will reshape energy policy and empower consumers.

Our new team engaged intensively with stakeholders across the sector during 2015/16 to gain insight into the issues facing the national energy market and importantly, to begin a dialogue about how we can work together to move the market forward for the benefit of residential and small business energy consumers.

We are now active participants in a range of regulatory forums, from the AEMO Energy Market Leaders Forum to the AER's Customer Consultative Group and the AEMC's System Security Technical Working Group. We also work directly with consumer advocates including through the National Consumer Roundtable on Energy and engage with industry.

Drawing on these discussions, and the expertise of our Reference Committee, we developed and started working to a set of strategic priorities for the market that will guide our work over the next three years.

At the heart of these priorities is the idea that the energy market is entering an entirely new phase where consumers, supported by technology and an array of new services, drive outcomes. While the pace and exact nature of this change is uncertain, we are convinced that businesses that are not proactive in

their response to this new operating environment expose themselves to increasing commercial risk.

This is not to say that we can simply sit back and wait for disruption to do the job for us. The evidence we collected about consumer outcomes in 2015/16 through the Energy Consumer Sentiment Survey, the conversations at our regional consultations, and the consumer testimony in the various network appeals, indicate that there is an immediate and pressing need for policy and regulation that smooths the way for the transition and ensures that people are not paying a dollar more than is necessary for the energy services they need.

I am particularly proud of the role we played during 2015/16 in supporting and coordinating an unprecedented and highly effective level of engagement by consumer advocacy organisations across Australia in the limited merits review process for network revenue determinations.

This was a clear demonstration of the role that Energy Consumers Australia can play in strengthening the collective influence of the consumer advocacy community, and the weight it can bring to bear on critical matters like the appeal processes.

Energy Consumers Australia celebrated a number of other important 'firsts' in 2015/16. We published the first in a series of research papers that shed new light on fundamental aspects of the National Energy Market; from the role that consumer engagement can play in network regulation, to ways to integrate new battery technology into the grid. And we spoke up for consumers in the national media for the first time.

Through this early work to build the organisation and advocacy agenda Energy Consumers Australia has developed a distinctive identity and philosophy that we can take forward in our work in the coming years:

- A relentless focus on the long term interests of consumers.
- A commitment to bringing rigour and evidence to complex policy and regulatory problems.
- An ambitious vision for a consumer-driven market, but a preparedness to partner with stakeholders across the market to deliver it.
- A commitment to rigorous and new thinking.

The \$2 million grant Energy Consumers Australia received from the Commonwealth to consolidate and extend the work that was done under the Low Income Energy Efficiency Program (LIEEP) is endorsement of our ability to work with stakeholders to deliver real outcomes for consumers.

We look forward to continuing to provide strong, collegiate advocacy and a voice for the majority of consumers who see energy as means to an end, and want value for their money, accessible information to make good choices and energy services that meet their needs.

Energy Consumers Australia joins a community of consumer advocates with extraordinary expertise, experience and commitment to improving outcomes for consumers. I want to thank them, particularly those who sit on our Reference Committee, for investing in our success, and helping get Energy Consumers Australia off the ground.



Rosemary Sinclair  
CEO  
Energy Consumers Australia

03

# EVIDENCE AND PARTNERSHIPS

- listening and connecting





**Our ability to influence business practice and shape market frameworks to make a difference for residential and small business consumers rests on the quality of our evidence and the strength of our partnerships.**

**In 2015/16 we laid the foundations of an evidence base about the experience of residential and small business energy consumers in the National Energy Market.**



## HEARING FROM CONSUMERS

The Energy Consumer Sentiment Survey (ECSS), which was undertaken in April 2016 and published in July 2016, provides an unparalleled set of insights into consumers' satisfaction, confidence and activity across Australia.

While the survey revealed that overall levels of satisfaction with reliability and service standards are high, most consumers do not believe they are getting value for money for their energy services. Nor do they believe that the market is working in their interests now or is likely to do so in the future.

But the survey did confirm what the 1.5 million roofs that now have solar PV suggests, and that is that there is a huge appetite for new technology to help consumers get control of their energy costs.

We see the ECSS as not only driving our policy and advocacy work in the traditional sense, but also by serving as a resource for a sector facing the challenges of decarbonisation and moving into the new digital marketplace, and consumers wanting to keep a lid on bills. In this sense our approach to the ECSS, where first and foremost we used new evidence to open up a dialogue with stakeholders, is an early example of the open and collaborative way we intend to work going forward.

Hearing directly from consumers about the issues they face in the energy market, in their own words, was critical for Energy Consumers Australia in its first year. That is why we visited 12 communities in regional New South Wales, Victoria, South Australia, Tasmania and Queensland between April and June 2016 as part of what will become a series of regular, annual community consultations.

The feedback we received from these discussions, from detailed accounts of the steps some consumers have taken to get control of their energy costs, to a range of highly considered perspectives on how the market should adapt to the challenges of decarbonisation, has helped ground Energy Consumers Australia's work in a very practical way.

The pressure that the increasing costs of electricity has placed on small businesses, particularly energy-intensive agri-businesses such as irrigators, was a strong theme in a number of locations.

The other major research we commenced in 2015/16 was to survey the experiences of energy consumers of who have invested in solar PV, along with the readiness of households for battery storage. We intend to release this research, which comprises of a survey of 1,800 households with solar PV and 630 without, along with on-site assessments of a smaller number of solar households and economic modelling of battery costs, in early 2017.

We also owe a tremendous debt of gratitude to our fellow consumer advocates for helping us to quickly find our feet as the new national voice for energy consumers. Our Reference Committee and the members of the National Consumer Roundtable on Energy, form a powerful advocacy network with deep roots into communities across Australia. Their support and advice in 2015/16 allowed Energy Consumers Australia to make strong early contributions on a range of policy and regulatory matters, from network tariff reform, to limited merits review processes, and the persistent and deeply concerning problem of disconnections.

## NEW WAYS OF WORKING

We started working together with our stakeholders to use Energy Consumers Australia's capability and resources to build sector capacity. Our starting point for this was a report, based on interviews with a range of stakeholders about consumer consultative mechanisms in the national energy market, which analysed their effectiveness and proposed a package of six possible improvements.<sup>1</sup>

One of these improvements was that Energy Consumers Australia conduct an annual 'fore-sighting' exercise to bring consumer advocates, academics, industry and government stakeholders together to identify the issues and processes that were looming over the horizon in the coming 12-24 months, and better coordinate research and advocacy across jurisdictions.

In February 2016 we acted on this recommendation, convening our first *Foresighting Forum*, an event that was attended by almost 100 stakeholders for two days of dynamic and productive discussion. Four priority areas for cross-sectoral work emerged:

1. Fostering and regulating for emerging technology
2. Ensuring consumers can exercise real choice
3. Energy affordability and consumer protection in a changing market
4. Collaboration and ways of working across the sector

Energy Consumers Australia is now facilitating projects on each of these topics. To ensure that we were taking advantage of the latest collaborative working practices, and to signal our intent to attack longstanding energy market issues in new ways, we engaged Collabforge, a consultancy that is expert in online mass-collaboration and worked with the Department of Foreign Affairs and Trade on its high profile *innovationXchange*.

Energy Consumers Australia was approached by the Department of Industry, Innovation and Science following the publication of the COAG Energy Council's National Energy Productivity Plan (NEPP) in December 2015 to assist it deliver two of its key measures: NEPP 3, to make choice easier; and NEPP 4 to support best practice services for vulnerable consumers.<sup>2</sup> We will be achieving this through our collaborative work program and complementary research funded by the Energy Consumers Australia Grants Program such as the City Smart Consumer Segmentation Modelling project.

## MARKET DESIGN RESEARCH

Taking the opportunity as a new organisation to cast a fresh and forensic eye over the national energy market at a framework level, and the culture and practices that have grown up around it, was a priority for Energy Consumers Australia in 2015/16. We therefore published a series of research papers throughout the year that have served as a foundation for our early advocacy.

In *Interpreting the long term interests of consumers (LTIC)*, published in May 2016, Energy Consumers

1. Keith Besgrove, *Consumer Consultation in the Australian Energy Sector*, <http://www.energyconsumersaustralia.com.au/documents/Consumer-Consultation-in-the-Australian-Energy-Sector.pdf>

2. National Energy Productivity Plan, <https://scer.govspace.gov.au/files/2015/12/National-Energy-Productivity-Plan-release-version-FINAL.pdf>

Australia detailed the central role that the 'LTIC' concept plays as the overarching objective of the Australian Energy Market Agreement (AEMA) and the three laws that give effect to it.<sup>3</sup> In doing so, the paper unpacked the relationship between the LTIC and economic concepts such as 'efficiency' and how these should be properly understood and applied in regulatory decision-making to benefit consumers.

*Negotiated Settlement and consumer engagement: UK experience and lessons for Australia* outlined ways that energy networks and regulators can work with consumers to identify their preferences and needs and develop strategies and regulatory agreements that respond to them.<sup>4</sup> Drawing on international best practice, in this case ground-breaking work by the Water Industry Commission for Scotland to bring consumers into the regulatory bargain, is something that Energy Consumers Australia does as a matter of course as we search for answers to the big questions about the future of the market and its management.

And in *The future of electricity distribution network regulation*, we looked at what distributed energy resources, and increasingly affordable battery storage technology, means for the way we regulate monopoly electricity networks and promote competition.

Finding ways to reduce the number of households and small businesses that are disconnected from their electricity or gas supply is one of Energy Consumers Australia's highest priorities. In addition to funding the St Vincent's de Paul report *Households in the dark* through the Energy Consumers Australia Grant Program, we also commissioned KPMG to undertake research.

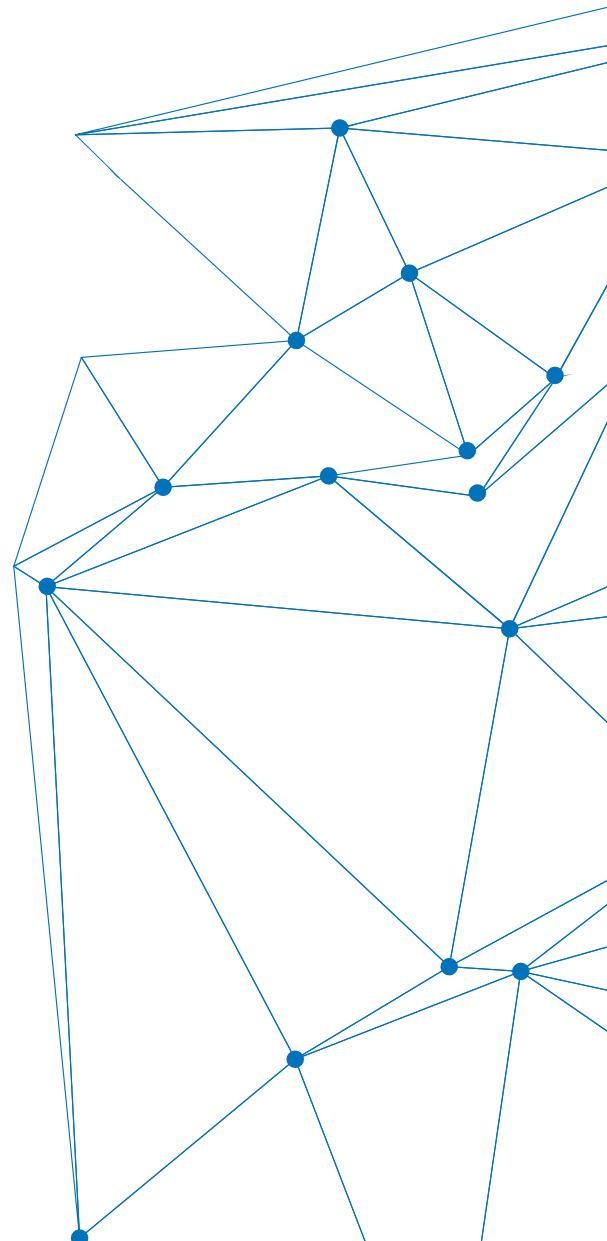
This research found that in the year to April 2016, approximately 170,000 households and 11,000 small businesses had been disconnected from their electricity supplies. These numbers have increased

rapidly over several years but have recently plateaued, as have the number of people entering hardship programs. These are symptoms of financial distress across a range of demographics, but sharply focussed in the poorest sections of the community.

The KPMG work also highlighted the huge cost of disconnections to government and industry – with approximately \$820 million being spent every year on affordability schemes, and a further \$10 million on ombudsman services. The research identified a further \$11 million in direct costs to industry of disconnections – and this without seeking to calculate the overall costs to society that are much harder to quantify. Energy Consumers Australia has identified eight possible initiatives to reduce the incidence and costs of disconnections and is now engaging with a wide range of stakeholders to test and develop them.

3. Interpreting the Long term interests of consumers, <http://www.energyconsumersaustralia.com.au/research/interpreting-the-long-term-interests-of-consumers>

4. Negotiated Settlement and consumer engagement, <http://www.energyconsumersaustralia.com.au/documents/Negotiated-Settlement-and-Consumer%20Engagement.pdf>



04

# POLICY AND ADVOCACY

- your voice heard



## SECTOR GOVERNANCE

Energy Consumers Australia's policy and regulatory focus in the first half of 2015/16 was making sure the national consumer voice was heard in the *Review of Governance Arrangements for Australian Energy Markets* (Governance Review).

The independent expert panel that was appointed by the COAG Energy Council to undertake the review was tasked with assessing how well the Energy Council itself, the senior officials that support it, and the market bodies – AEMO, AEMC and the AER – were working collectively to advance the objectives of the Australian Energy Market Agreement (AEMA).

Energy Consumers Australia's August 2015 submission to the independent panel's draft report made the case for the *long term interests of energy consumers* to remain the paramount objective for all parties working within the market. But we did point to inconsistencies in the way that the LTIC objective was being interpreted and applied and called for work to be done to ensure there is a shared understanding across the different parts of the market.<sup>5</sup>

The *Interpreting the long term interests of consumers*' research paper (referred to in the previous section) published in May 2016 built on this early analysis and advocacy and was the basis for an intensive round of engagement with market bodies and other stakeholders. Here we emphasised the message that consumers expected, and indeed were entitled to under the AEMA, nothing less than a laser-like focus on their long-term interests.

## CONSUMER ENGAGEMENT

The other major issue Energy Consumers Australia raised in the context of the Governance Review, and pursued throughout the year, was Consumer Engagement – ensuring the voice of consumers was being heard and acted on by regulators and energy businesses when they are making decisions. Energy Consumers Australia's focus throughout 2015/16 was to begin to translate the new emphasis on

'consumer engagement' that is core to the 2012 *Better Regulation* reforms into concrete changes in the way that businesses operate. One of our key priorities over the next few years will be working with networks to move beyond the view of consumer engagement as a step in a regulatory process, to one that has systematic and open dialogue with consumers as core to the development of business strategy and decision-making.

Contributing to the development of the Energy Networks Association's *Energy Network Transformation* Roadmap and the Customer Engagement Handbook that was one of its key outputs, was an opportunity we grasped in 2015/16 to advance this agenda.

## LIMITED MERITS REVIEW

Of course much of the focus in 2015/16 was on the Public Interest Advocacy Centre's intervention in the Australian Competition Tribunal's (The Tribunal) consideration of appeals by Ausgrid, Endeavour Energy, Essential Energy and ActewAGL of their respective AER revenue determinations.

These appeals were a test of the Limited Merits Review (LMR) Framework that had been modified in 2013 to address a major loss of public confidence in a process that resulted in decisions that increased prices for consumers without taking explicit account of their input or interests.

The Board's decision to fund PIAC to intervene in the NSW process, and to provide consumer advocates with the technical and legal support to explore opportunities to challenge network revenue determinations subsequently in South Australia and Victoria, signalled the role that Energy Consumers Australia could play in enabling strong and coordinated advocacy at a national level.

In August 2015 Energy Consumers Australia's CEO Rosemary Sinclair appeared before the Tribunal as part of its Community Consultation for the NSW network appeals: community consultation being one of the new measures introduced in 2013 to provide a way into what is a highly legalistic and adversarial process for consumers.

5. Review of Governance Arrangements for Australian Energy Markets, <http://www.energyconsumersaustralia.com.au/policy-and-advocacy/review-of-governance-arrangements-for-australian-energy-markets>

This evidence focussed on the Tribunal's new task under the reformed LMR framework, and how it should approach its new obligation to only remit or vary an AER determination where it could satisfy itself that doing so would lead to a *materially preferable 'NEO' decision as a whole*.<sup>6</sup> The evidence reflected on how regulatory thinking had shifted in recent years, moving away from the old approach that had the businesses and the regulators developing and reviewing proposals through a process that, in the words of the Chair of the Productivity Commission, 'did not involve consumers much at all', to one that could give them confidence that they are not paying more than is necessary for the quality, safety, reliability and security of supply of electricity services.

State-based consumer advocacy organisations also made strong representations to this stage of the Tribunal's review process. Energy Consumers Australia played a supporting role here, providing advice about the new LMR Framework, and a central point for advocates to share information and perspectives.

While the network appeals process has received a huge amount of public attention in recent years, there are a multitude of other regulatory and policy processes underway in the national energy market that impact outcomes for consumers. Energy Consumers Australia intervened in a number of these processes during 2015/16 on behalf of residential and small business consumers.

## RETAIL COMPETITION

In December 2015, we made a submission to the AEMC as part of its third annual Retail Competition Review. Here we made the case for the AEMC to expand the set of indicators it uses to assess the extent to which the market was working for consumers. The submission also asked the AEMC to consider developing a composite retail competitiveness index that would allow easier comparisons to be made with other markets and a clearer view of how it was performing over time. Energy Consumers Australia's *Energy Consumer Sentiment Survey (ECSS)*, which we subsequently

developed, put this approach into practice. The AEMC has sought out our early views as part of the preparation for its 2017 review.

## TECHNOLOGY LED MARKET TRANSITION

It is also critical that consumers have a say in the development of the rules that govern the national energy market. This is even more so at a time when new technology and new businesses are starting to challenge the incumbents and offer innovative new services.

In our submission in February 2016 to the AEMC on the *Local Generation Network Credits* rule change proposal we explored the role that embedded electricity generation – anything from small rooftop solar PV to large diesel or gas generators on industrial sites – can play in the market and the way they should be regulated to optimise the overall efficiency of the National Electricity Market to benefit consumers.

In our submission in May 2016 to the AEMC's draft determination in relation to the 'Meter read and billing frequency' rule change, Energy Consumers Australia presented analysis that contradicted the view that consumers should have to wait longer between meter reads and be exposed to a higher risk of bill shock.

In our June 2016 submission to the AEMC on the 'Improving the accuracy of customer transfers' rule change proposal, we made a set of practical recommendations about the way that addresses could be standardised, and the number of instances where a customer is incorrectly transferred from one retailer to another, to reduce costs and inconvenience for consumers.

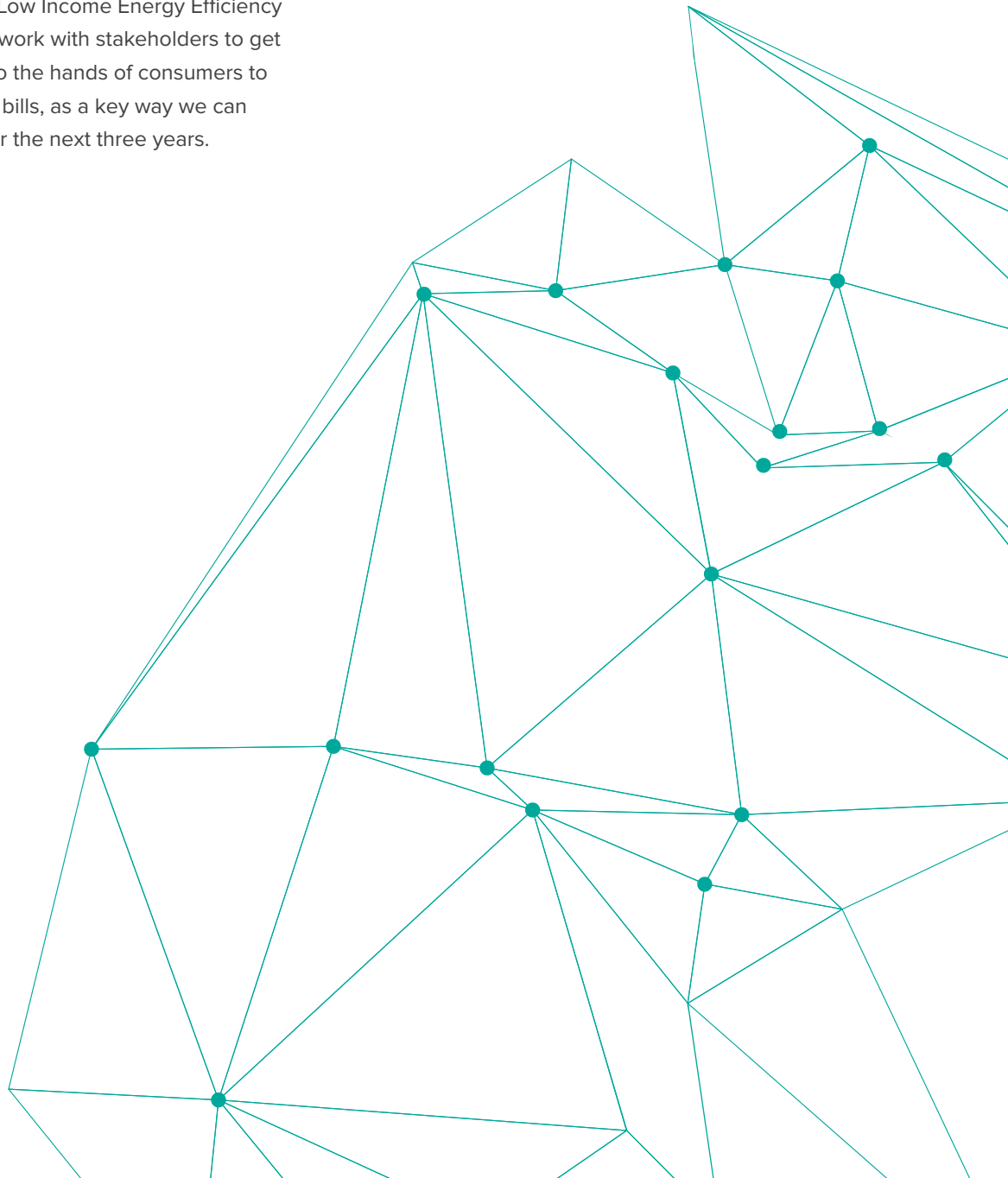
In another submission in June 2016, this time in response to the proposed 'Five Minute Settlement' rule change, Energy Consumers Australia supported moves to reform the wholesale electricity market to make it more efficient and to facilitate the development of new energy services, particularly those on the demand side such as direct load control. Energy Consumers Australia is now participating in an expert group established by the AEMC to progress this rule change.

6. Australian Competition Tribunal, Community Consultation, 6 August 2015, pp 76-83, [http://www.competitiontribunal.gov.au/\\_\\_data/assets/pdf\\_file/0008/28889/ACT-1-8-of-2015-Consultation-Day-1-06082015.pdf](http://www.competitiontribunal.gov.au/__data/assets/pdf_file/0008/28889/ACT-1-8-of-2015-Consultation-Day-1-06082015.pdf)



## TARIFF REFORM

Working closely with networks and the AER to support reform to the way networks recover their costs from consumers was a major focus for Energy Consumers Australia in 2015/16. We assessed and provided detailed feedback on new pricing structures proposed by networks in South Australia, New South Wales, Queensland and Victoria. While it is clear that the traditional way of pricing network services – where the charge is linked to the volume the household or small business consumes – needs to change in a decentralised energy system, ensuring that reform is managed in a way that gives consumers the time and tools to respond is critical. We see Energy Consumers Australia's work under an Australian Government grant to extract and consolidate the lessons from the 20 pilots funded by the Low Income Energy Efficiency Program (LIEEP), and to work with stakeholders to get new and better tools into the hands of consumers to help them manage their bills, as a key way we can support tariff reform over the next three years.



## Tasmania, South Australia and the NEM in transition

Events in Tasmania and South Australia in the last twelve months have dramatically reminded us of the importance of energy as an essential service and as the backbone of our economy.

In Tasmania, the combination of a drought that left hydro-electric dams without the water to operate and a fault in the Basslink cable in late December 2015, plunged the State into an energy supply crisis that extended into June 2016 and is now the subject of a review by the Tasmanian Energy Security Taskforce.

In South Australia, spikes in wholesale electricity prices in June 2016, and a state-wide electricity blackout caused by a severe storm in September 2016, triggered an intense debate about system security, renewables and whether the current institutional arrangements remain fit for purpose in a market in transition.

Energy Consumers Australia has sought to play a helpful and constructive role during these events, using our digital channels to inform consumers about the issues and decode complex technical matters – for example, explaining ‘black system events’.

The COAG Energy Council is now working

through these issues, having met on 19 August 2016 for its second regular meeting of the year, and for an emergency meeting on 7 October 2016 following the South Australian blackout. A key focus in the short term will be the review of energy security and reliability in the NEM being led by Dr Alan Finkel AO, Commonwealth Chief Scientist, which is due to report in early 2017.

Energy Consumers Australia attends COAG Energy Council meetings as an observer and engages with ministers and officials on a regular basis to provide evidence and insights about the issues consumers are facing and to offer policy solutions.

Ensuring the voice of residential and small business energy consumers is heard by the Energy Council in these deliberations about the future of the NEM is one of Energy Consumers Australia’s highest priorities. Energy and climate policy must be integrated in a way that ensures consumers pay no more than is necessary as we transition to a cleaner economy.



# Consumer involvement in appeals of AER network price decisions

The cost of electricity networks represents 43% of an average electricity bill across the National Electricity Market (NEM), and is as high as 60% in Tasmania. This means that setting network costs that are no higher than is necessary is vital for setting efficient electricity and gas prices for consumers.

In response to widespread and significant concerns about energy prices, including the near-doubling of electricity network costs in parts of Australia, the COAG Energy Council announced an energy market reform package in 2012. Two of the elements of the package were significant reforms to the Limited Merits Review (LMR) regime for appeals of network revenue determinations heard by the Australian Competition Tribunal, and the creation of Energy Consumers Australia.

These two elements came together in 2015/16, with the new LMR regime being used for the first, second and third time, with Energy Consumers Australia involved in each.

Energy Consumers Australia devoted significant resources to consumer participation in LMR for two reasons. The first was the desire to ensure the intent of the reforms – to move away from network cherry picking of errors in the AER's decision to a more holistic assessment of the entire revenue determination. Secondly, Energy Consumers Australia wished to shift the networks' calculation of their risk exposure, so energy networks confronted potential decreases in revenue rather than a no lose pursuit of more money.

Through its grants program and advocacy, Energy Consumers Australia also pursued a third objective – in line with its constitutional function – to build the capacity of consumer advocacy organisations.

Energy Consumers Australia committed considerable resources to engaging in LMR processes – including over \$1 million of funding to consumer organisations – directly and through its grants program.

In 2015/16, Energy Consumers Australia commissioned the Public Interest Advocacy Centre (PIAC) to help consumer advocacy organisations engage in LMR processes. Beginning in September 2015, Energy Consumers Australia funding enabled PIAC to engage two part-time Senior Solicitors to work with consumer advocates, as well as support PIAC's ongoing work in the NSW appeal. The project was initiated by Energy Consumers Australia's Reference Committee, who at its first meeting had pointed to the lack of legal expertise as a constraint on the sector.

Energy Consumers Australia also approved grants in 2015/16 totalling over \$325,000 (exc. GST) to support consumer advocacy in LMR processes in three jurisdictions - NSW, South Australia and Victoria. Those grants were in addition to the \$275,200 spent the previous year, and \$239,495 approved for expenditure on LMR processes in 2016/17. It should be noted that the funding was used to engage legal counsel and experts, and does not include the considerable resources committed by consumer advocacy organisations.

Energy Consumers Australia worked closely with consumer advocacy organisations in NSW, South Australia and Victoria. We provided background briefing on the policy intent of the LMR reforms, to assist advocates frame their contributions to the Tribunal's community consultation in keeping with the Tribunal's new mandate. Energy Consumers Australia also participated directly in the NSW, SA and Victorian consultations.

05

# GRANTS

- backing bright ideas

The Energy Consumers Australia Grants Program funds high quality and innovative projects that deliver tangible benefits for consumers.



Energy Consumers Australia's grants program is critical to ensuring the organisation fulfils its constitutional objectives to build knowledge and sectoral capacity supporting policy development and consumer education in the National Energy Market. The program funds work in electricity and gas markets.

## ENERGY CONSUMERS AUSTRALIA GRANT PROGRAM STRUCTURE

Energy Consumers Australia manages three sub-programs:

- **Advocacy:** to support advocacy on issues of material importance to residential and small business consumers, and to build sectoral capacity.
- **Research:** to inform and support advocacy by providing a robust, topical and well-informed evidence base, and to build knowledge among advocates, decision-makers and industry on consumers' experience in the market.
- **CEO Grants** was introduced in December 2015 for grants of up to \$10,000 to enable:
  - Consumer engagement and advocacy in government, regulatory, or industry decision-making processes where the timelines do not enable an application to the quarterly grant rounds; and
  - Advocates to research relevant international programs, policies or initiatives that advance the long-term interests of consumers.

## GRANT DECISIONS

In 2015/16, Energy Consumers Australia approved 42 out of 63 grant applications for a diverse range of projects. It held quarterly rounds for advocacy and research grant applications, as well as approving four CEO grant applications to enable consumer advocates to engage in regulatory and industry processes. A full list of decisions is available on the website [www.energyconsumersaustralia.com.au](http://www.energyconsumersaustralia.com.au).

Energy Consumers Australia approved funding of just over \$2.1 million for the 41 projects; it should be noted that applicants contributed another 28% of resources (cash and in-kind), making the total value of projects funded through the 2015/16 grants program just over \$3 million.

Organisations are asked to make a co-contribution to projects in accordance with their capacity to pay. Energy Consumers Australia was pleased to see a number of consumer groups leveraging their relationships with industry and government to source data, advice and/or additional funding to enhance the impact of their project.

## GRANTS EXPENDITURE

In 2015/16, Energy Consumers Australia approved grant applications for a diverse range of projects. It held quarterly rounds for advocacy and research grants.

### • Advocacy

The bulk of grants funding was used to support advocacy in national and jurisdictional processes affecting energy consumers.

Grants were given to consumer organisations in each NEM jurisdiction to engage in jurisdictional processes that impinged on their members and constituency, such as:

- the Victorian government inquiry into energy hardship;
- grants to consumer organisations in SA, NSW and Victoria to engage in the Australian Competition Tribunal's limited merits review of each state's networks;
- the Australian Energy Regulator's review of the SAPN Tariff Structure Statements.
- the renegotiation of the Tasmanian gas transport contract post December 2017, and its impact on Tasmanian small business gas prices.

Worthy of particular mention is the grant to the ACT Council of Social Service, representing a consortium of ACT not-for-profit groups, to resource consumer advocacy in the Territory. Energy Consumers Australia is jointly funding that work with the ACT Government. This will be the first time that there is a dedicated advocate in the ACT, who can engage strategically across that jurisdiction's regulatory decisions.

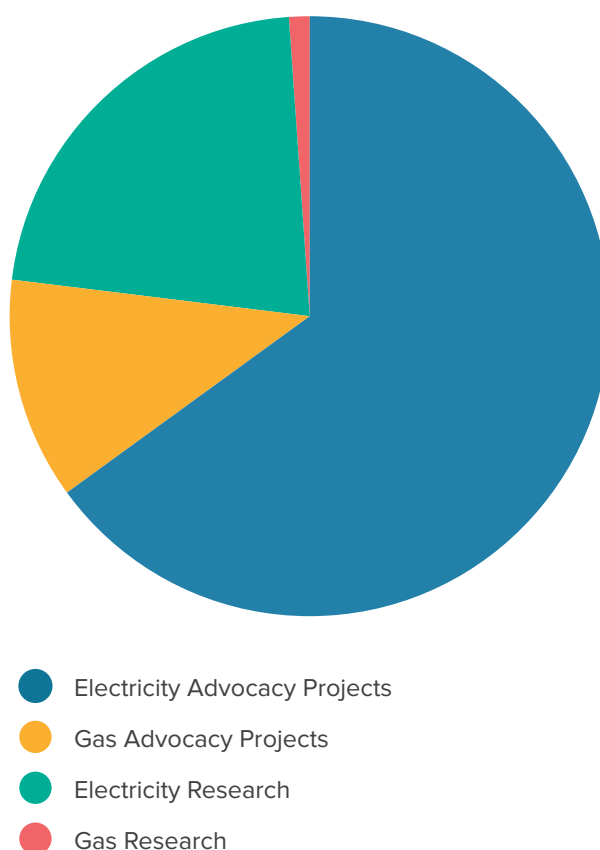
### • Research

A welcome development was the significant and growing proportion of funding – around 28% - that was committed to research on energy consumer issues. Energy Consumers Australia is committed to building a robust evidence base to support advocacy, energy market innovation and development in the long term interests of consumers. Research funded in 2015/16 will build the capacity of advocates and inform decision-makers and industry – examples of research projects included:

- CITT's survey of small business consumer electricity contracts, and barriers to reducing their costs
- UNSW's research to develop a tariff testing tool to enable consumer advocates and researchers to investigate how different tariff structures impact on the bills of different types of residential customers, while also estimating alignment with network costs.

The level of advocacy and research on gas issues remains low. While that partly reflects that gas is a secondary fuel for most consumers, Energy Consumers Australia will continue to encourage a greater focus on gas by residential and small business advocates, recognising the lack of advocates in that space.

Grants by type of grant



Project type	Year End allocation
Electricity Advocacy Projects	\$1,410,899.00
Gas Advocacy Projects	\$248,191.00
Electricity research	\$481,550.00
Gas research	\$15,000.00
<b>TOTAL</b>	<b>\$2,155,640</b>

### TRENDS IN ENERGY CONSUMERS AUSTRALIA FUNDING

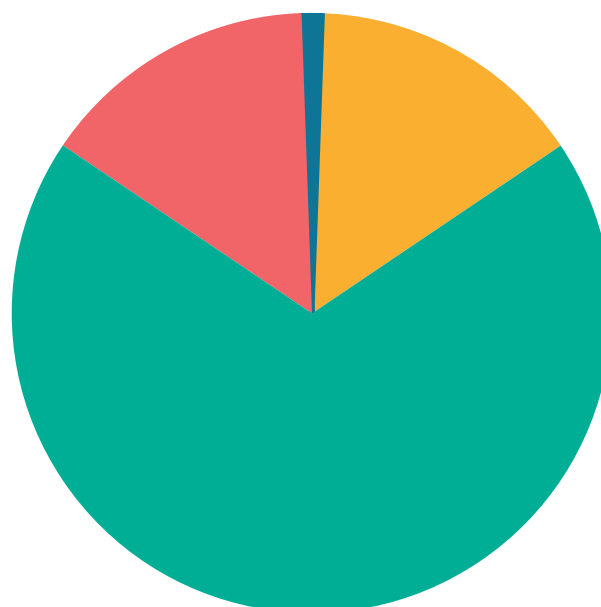
Energy Consumers Australia provides funding to a diverse range of organisations, representing a range of consumers.

The bulk of Energy Consumers Australia's funding is committed to projects benefiting residential consumers. Projects funded over the reporting period included:

- Queensland Council of Social Service (QCOSS) to work with Tenants Queensland and Q Shelter, to document the current and emerging energy consumer issues for households living in a variety of rental tenure arrangements, and to highlight existing and future issues in the developing energy market in urban and regional Queensland
- RMIT's research to inform programs, strategies and technologies designed to provide low-income and residential households with greater control over their home appliances and electricity use in response to energy market reforms
- the Australian PV Institute's advocacy on behalf of the more than 1.2 million grid-connected householders with PV systems in the Victorian electricity distribution networks determination.

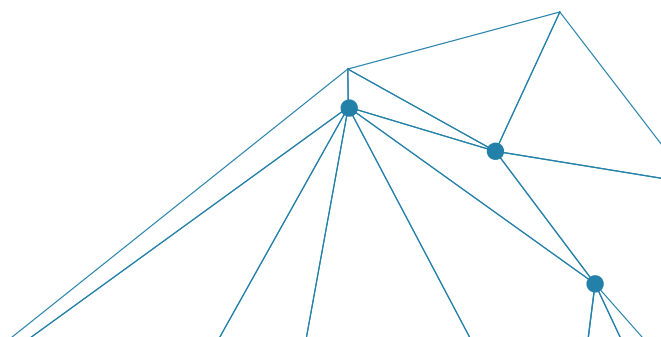
Large business	\$30,000.00
Low income	\$313,132.00
Residential	\$1,492,951.00
Small business	\$319,557.00
<b>TOTAL</b>	<b>\$2,155,640.00</b>

### Grants by class of consumers



- Large business
- Low income
- Residential
- Small business

In line with Energy Consumers Australia's constitutional focus on small business, Energy Consumers Australia welcomed the increase in small business grants – there were 10 grants approved in 2015/16 to groups representing small business energy consumers in Tasmania, South Australia, South East Queensland and Far North Queensland. Small business issues are being covered more comprehensively than ever before, but there remain research gaps in our understanding of the issues facing this class of customers. Energy Consumers Australia has welcomed the increasing collaboration between small business advocates and researchers, and between them and advocates for low income households within the same jurisdiction.



## GRANTS REVIEW

In September 2015, Energy Consumers Australia initiated a review of the Energy Consumers Australia's initial Grants Program, to align the program with our purpose and constitutional objectives, and embedding best practice grants management. We consulted closely with stakeholders about possible improvements and, on 30 March 2016, Energy Consumers Australia announced its renewed Grants Program, with a focus on:

- building the evidence base to support advocacy, energy market innovation and development in the long term interests of consumers
- facilitating opportunities for greater collaboration and partnerships
- fostering increased knowledge-sharing across the sector and with government
- sharing advocacy and research project outcomes with a wider audience.

An important innovation was that organisations will be able to apply for grants on a funding horizon they choose, providing them the capacity to pursue longer term, strategic and substantive advocacy and research projects. Where projects are longer than one year, gateway reviews will be needed at appropriate stages to ensure that the project is ready to proceed to the next stage of implementation.

The review also stressed the importance of strong grants management practice, implementing new eligibility and selection criteria.

### SUPPORTING ADVOCACY

AP 793 - Tasmanian Small Business Council – A grant of \$68,500 (exc GST) to provide well-informed advocacy on behalf of Tasmanian small businesses for the AER's Determination of TasNetworks Distribution Services 2017-2019

AP 792 – Queensland Council of Social Service – a grant of \$36,135 (exc GST) to support advocacy by residential and business consumers in relation to the Queensland Productivity Commission's review of electricity prices

### BUILDING THE EVIDENCE BASE

AP 775 - Cummings Economics – A grant of \$11,000 (exc GST) to find out how households and businesses in the Daintree/ Cape Tribulation area have reacted to living off the grid, and especially the degree to which they have installed non-fossil fuel generation and their experiences of it.

AP 789 – Financial and Consumer Rights Council – A grant of \$45,000 (exc GST) to survey financial counsellors' experience of energy retailer hardship policies and programs, and make recommendations for change.

### FACILITATING OPPORTUNITIES FOR GREATER COLLABORATION AND PARTNERSHIPS

AP 759 - SA Council of Social Service – a grant of \$102,126 (exc GST) to support collaboration between members of the National Consumer Roundtable on Energy, including three face to face meetings each year

AP 821 – CitySmart – A grant of \$195,000 (exc GST) to assist energy industry and policy makers to understand the changing needs of today's energy consumers by creating a segmentation model to facilitate more effective education and awareness activity to support tariff reform implementation.

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# ABOUT ENERGY CONSUMERS AUSTRALIA



Energy Consumers Australia is an independent body established, through an initiative of the Council of Australian Governments Energy Council (COAG Energy Council), to provide residential and small business consumers with a strong and influential voice in national energy matters. It is incorporated as a company limited by guarantee and funded by consumers from levies collected by the Australian Energy Market Operator (AEMO).



## OUR ROLE

Energy Consumers Australia's Constitution, as agreed by the COAG Energy Council sets out our Objective, as well as the Activities to achieve it.

## OBJECTIVE

"To promote the long term interests of Consumers of Energy with respect to price, quality, safety, reliability and security of supply of Energy services by providing and enabling strong, coordinated, collegiate evidence based consumer advocacy on National Energy Market (NEM) matters of strategic importance or material consequence for Energy Consumers, in particular of Residential Customers and Small Business Customers."

## ACTIVITIES

- Effectively and objectively participate in National Energy Market issues and influence regulatory activities and energy market reform to benefit consumers
- Engage and communicate with consumers and consumer advocates
- Build national and jurisdictional expertise and capacity through research, knowledge development and consultation
- Undertake robust research to build knowledge, engage and influence policy development and educate consumers in the energy markets
- Fund and manage grants to build knowledge and sectoral capacity supporting policy development and consumer education in the National Energy Market
- Create and maintain effective working relationships with key stakeholders
- Develop and apply an understanding of the distinct market differences between jurisdictions within the National Energy Market
- Frequently and collaboratively engage and communicate with representatives from the Energy Industry on issues in the interests of Consumers.



In performing these Activities, Energy Consumers Australia must have regard to any relevant objectives set out in the National Energy Laws.

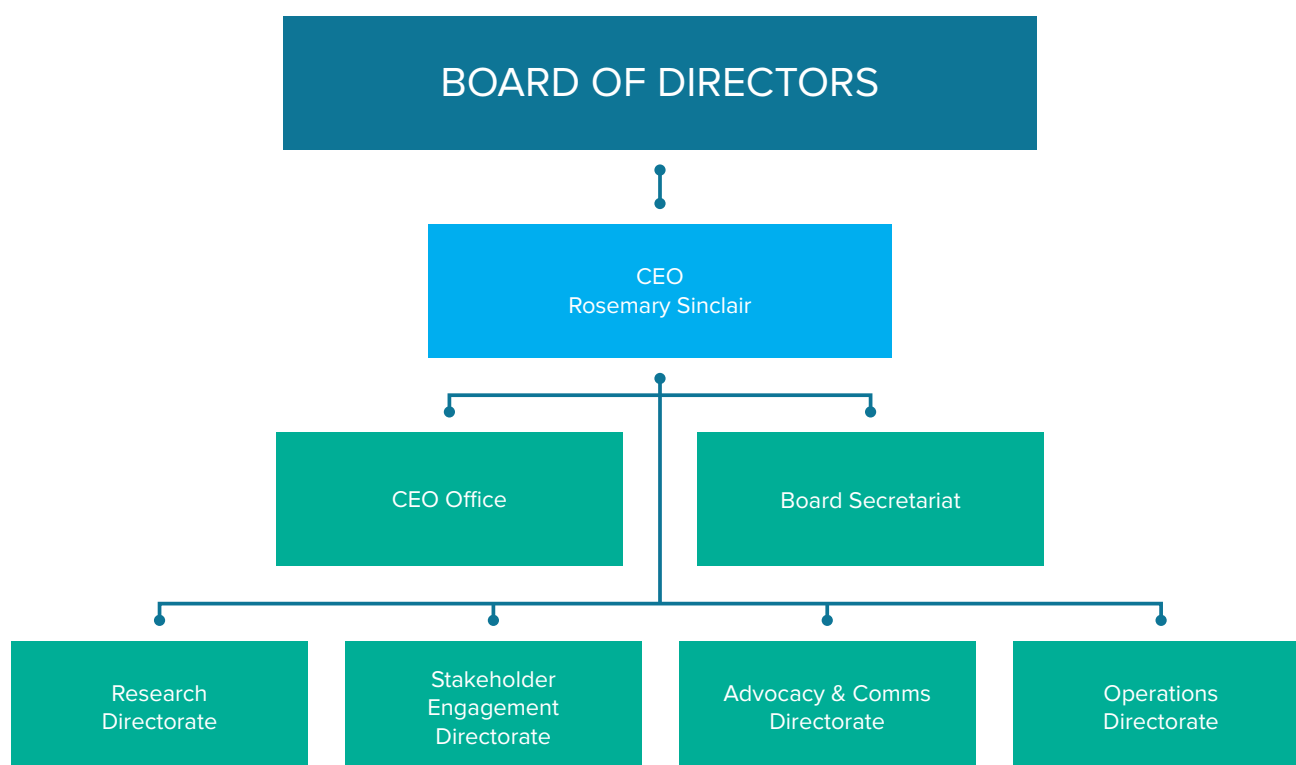
Each of the laws includes an objective to “promote efficient investment in, and operation and use of, services for the long term interests of consumers.” In plain language, consumers should pay no more than is necessary for the energy services they need.

### STRATEGIC PRIORITIES FOR ENERGY MARKETS

The Energy Consumers Australia Board has used information from consultations, including with its Reference Committee and the first Foresighting Forum, to identify five Strategic Priorities for Energy Markets that will promote the long term interests of residential and small business consumers and support the move to a consumer driven National Energy Market. The Board will use these priorities to guide Energy Consumers Australia’s work in 2016/17 and monitor progress against associated activities in the work plan:

1. Consumer preferences and decisions drive electricity and gas networks decisions and electricity and gas markets outcomes.
2. Consumer choice is enabled through information and innovation from retail service providers offering affordable and quality energy services.
3. Competition is stronger as a vibrant market for new energy services and technologies develops over the next 5 years.
4. Consumers participate in energy markets with confidence. Where needed, contemporary harmonised safeguards such as income support, complaints handling and dispute resolution are in place to support consumers.
5. Consumer interests are supported through sector Governance arrangements which promote effective competition where viable and best practice regulation of monopoly services.

### ORGANISATION CHART



# Board

**Our Board Members bring a wealth of knowledge and corporate governance experience in consumer advocacy, the energy market and regulation. Each Director brings their own unique perspective to Energy Consumers Australia's strategic direction.**

## LOUISE SYLVAN (CHAIR)

Louise is the former Chief Executive Officer of the Australian National Preventive Health Agency. Louise was a Commissioner of the Productivity Commission and previously Deputy Chair of the Australian Competition and Consumer Commission where she was appointed for her expertise in consumer affairs. Louise was formerly the Chief Executive of the Australian Consumers' Association and President of Consumers International. Louise is President and Chair of Bush Heritage Australia, Deputy Chair Impact Investing Australia Innovation and Outcomes Working Group and Director Social Enterprise Fund Australia.

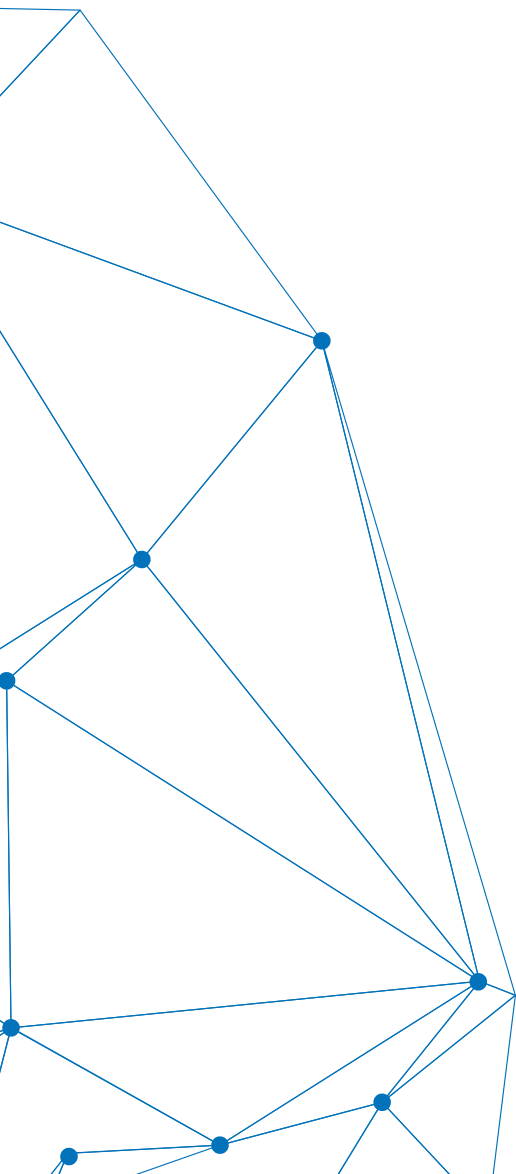
## CATHERINE COOPER

Catherine was a past member of the Consumer Advocacy Panel. She has senior management experience with large companies including Elders Ltd, Futuris Corporation and Fosters Brewing Group. She has been involved in a number of industries including energy, finance/banking/insurance, agribusiness, legal and commercial, and health and education. Catherine is the Chair of a number of organisations including Fleurieu Regional Waste Management Authority and Council Solutions, holds Directorships at Thoroughbred Racing SA, Law Guard, GPEX, Australian Egg Corporation and Beston Global Food Company. She is a Member of the District Court Panel Experts, District Court Assessments Panel, CRC Care and Commissioner, Australian Fisheries Management Authority.

## KAREN CHALMERS-SCOTT

(June 2015 - February 2016)

Karen brings over 20 years' experience of the issues facing energy customers across Australia. As General Manager Customer Affairs for the former Office of the Regulator-General Victoria, she was responsible for the development of customer protection, information and dispute resolution mechanisms to underpin the introduction of energy retail competition. She has



since continued to advise Ombudsmen, government, consumer groups and industry participants on energy customer issues. She was the inaugural Chair of the Advisory Council for the Energy and Water Ombudsman Queensland, serving for five years from mid-2007. A Fellow of the Australian Institute of Company Directors, Karen is the managing director of Scott Concepts—a public affairs, marketing and design company, which also provides national and international association secretariat services.

#### STEVEN GRAHAM

Steven has had a distinguished career primarily in the energy sector. He retired as Chief Executive of the Australian Energy Market Commission in August 2013, a position he held from 2006, commencing shortly after the establishment of the organisation in mid-2005. He has held several commercial and change management roles across the national electricity market and government, including roles in RailCorp, Eraring Energy, Pacific Power and NSW Treasury. He is a member of the Australian Institute of Company Directors and has served on a range of boards including Pacific Western Pty Ltd, Energy Efficient Research Centre Ltd and Eraring Holdings Pty Ltd.

#### VIRGINIA HICKEY

(Appointed February 2016)

Virginia is a lawyer, corporate governance consultant and a company director. She was previously a partner of commercial law firm, Finlaysons. Virginia has experience in national regulatory environments through her previous governance positions as a National Transport Commissioner, as a National Councillor and as the Independent Chair of the Telecommunications Ombudsman Council. Virginia's private sector board positions have included Flinders Ports Pty Ltd, a private company which owns the Port of Adelaide ports. She has also been on a range of government boards as well as on a number of private, government and not for profits. Virginia is currently a director of Public Transport Victoria, People's Choice

Credit Union, and SAFECOM. Virginia is also the Independent Chair of Fertility SA and the chair of the Audit and Risk Management Committee of Public Trustee.

#### CLARE PETRE

Clare was the Energy & Water Ombudsman NSW from 1998 to 2014. She was previously the Senior Assistant Commonwealth Ombudsman. Clare has experience in the community sector, with government, and the media. She has worked with community legal centres, as a reporter with ABC TV's 4 Corners and The Investigators, and in the health system. Clare has served on a range of NSW and Commonwealth government advisory bodies, and on the boards of community groups, including ACOSS and was Chair of the Australian & New Zealand Ombudsman Association. Clare is currently Chair of the ASIC Consumer Advisory Panel, Credit Industry Ombudsman Consumer Advisory Panel, Asylum Seekers Centre Director City West Housing and interim Executive Officer, Rape and Domestic Violence Service.

# Reference Committee

## The Energy Consumers Australia

Reference Committee was established in June 2015 to act as an advisory body to the Board on consumer issues. Members bring significant expertise on energy issues affecting consumers in each of the national energy market jurisdictions.

The Reference Committee met three times in 2015/16, providing input and advice on a range of important matters, notably the need to provide legal support to assist advocates to participate in the regulatory review process for network revenue determinations. The Reference Committee also provided insight and guidance for Energy Consumers Australia's disconnections research.

## GERARD BRODY (VIC)

Gerard is CEO of the Consumer Action Law Centre (CALC), and has over ten years' experience as a consumer advocate and lawyer. Gerard has represented consumers on a number of bodies, including the Australian Competition and Consumer Commission's Consumer Consultative Committee, and the Australian Energy Regulator's Customer Consultative Group. He is also a Consumer Director of the Energy and Water Ombudsman Victoria. Gerard's advocacy efforts are focused on ensuring the market works for all consumers, but particularly the most vulnerable and disadvantaged.

## GAVIN DUFTY (VIC)

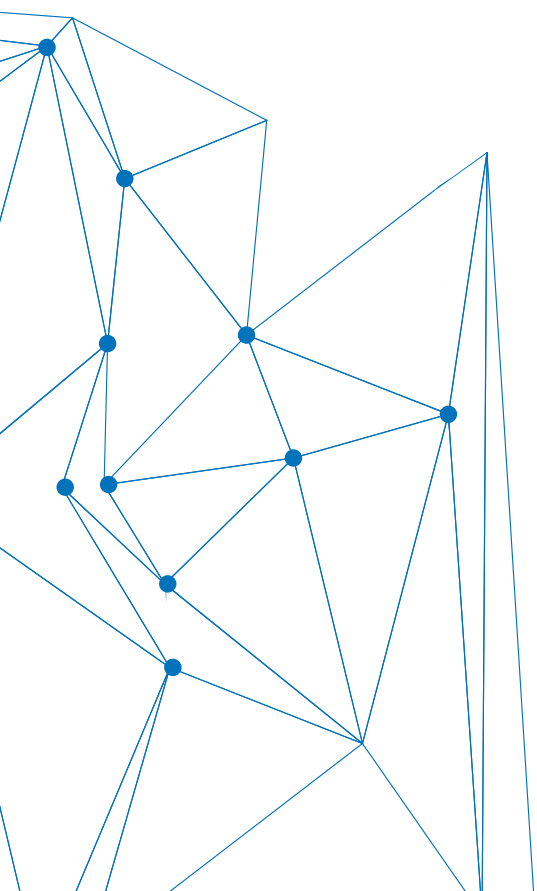
Gavin is Policy and Research Manager, St Vincent de Paul Society. Gavin has a long-standing interest in researching household income expenditure and affordability trends. In relation to energy markets, he focuses on how market developments and government policies interact with households' income and expenditure patterns. Gavin has a detailed knowledge of energy retail markets and energy tariffs. His expertise also includes concession frameworks and their ability to support eligible households in a changing energy market.

## DAVID HEADBERRY (VIC)

David is Managing Director of Headberry Partners, a company which assists energy customers and provides consumer input to government and regulatory reviews and investigations on energy supply issues. A qualified engineer, he is also the Public Officer for Major Energy Users Inc, a national group representing the views of large energy consumers. David is a member of the Australian Energy Regulator's inaugural Consumer Challenge Panel, and was a consumer director of the Energy and Water Ombudsman Victoria for 12 years.

## CARLY HYDE (QLD)

Carly is the Manager of Essential Services at the Queensland Council of Social Service (QCOSS). Her



focus is on advocating for policy improvements to protect and empower low income and vulnerable Queenslanders in the energy market, as well as providing resources and support to educate and empower the Queensland community sector on energy issues so they can provide informed advice and support to their clients.

#### **KATH MCLEAN (TAS)**

Kath McLean works in policy and advocacy for the Tasmanian Council of Social Service (TasCOSS) and has an interest in Tasmanian energy supply issues from the perspective of low-income and disadvantaged consumers. Her particular interests relate to energy as an essential service, issues of affordability and maintaining ongoing access.

#### **CRAIG MEMERY (VIC)**

(Resigned December 2015)

Craig was senior energy consumer advocate, policy analyst and specialist in energy technology, regulation and markets with Alternative Technology Association. Craig has significant experience in economic and technical analysis, energy systems design, business development, project management, governance, stakeholder engagement, community development, research, evaluation, training and facilitation. Craig has qualifications in electrotechnology, renewable energy and professional writing, with further training including project management, sustainable building design and data analytics.

#### **EDWARD SANTOW (NSW)**

Edward was the CEO of the Public Interest Advocacy Centre (PIAC) and a Senior Visiting Fellow at the University of New South Wales and is now Human Rights Commissioner. He is a lawyer with particular expertise in human rights, administrative law, constitutional law, discrimination and anti-terrorism law. Edward oversaw PIAC's Energy + Water Consumer Advocacy Program, with a particular interest in regulatory reform in the energy sector, as

well as improving the sector's governance processes and market performance for consumers.

#### **HELEN SCOTT (NSW)**

Helen has been endorsed by the Federation of Ethnic Communities Councils (FECCA) to represent and advocate for Australia's culturally and linguistically diverse (CALD) energy consumers in the National Energy Market since 2009. Helen has been involved with CALD energy consumers, both householders and small to medium sized (SME) ethno-specific business owners and managers, for over a decade.

#### **JO DE SILVA (SA)**

Jo is the Senior Policy Officer for the South Australian Council of Social Service (SACOSS). Her areas of interest include consumer engagement, network regulation, affordability and hardship, state of the SA Energy Market (wholesale, network, retail), complementary protections and supports, new and emerging products and services, East Coast Wholesale Gas Market and Pipeline Frameworks Review, metering, Embedded Networks, pricing, and consumer advocacy, including National Consumer Roundtable on Energy.

#### **PETER STRONG (ACT)**

Peter has been the CEO of the Council of Small Business of Australia since 2010. This role requires advocacy for the Small Business community and representation of issues from members to politicians and government agencies. Peter participates in various advisory groups to the Australian government, in roles including his position as Chairman of Treasury's Business Advisory Forum on Standard Business Reporting. In the past, he has been the Deputy Chairman of the Small Business Advisory Committee; a participant in the COAG Business Leaders Forum; an attendee at the 2012 Tax Summit and Economic Forums; participant in various round tables on industry issues including the motor industry, superannuation and finance.

## OUR VISION

Future focused consumer driven energy markets meeting residential and small business consumers' needs.

1. Energy markets that empower consumers through increasing competition, growing consumer choice, widespread innovation in product and service offerings, and widely available energy efficiency services.
2. Consistently available, contemporary consumer protection mechanisms including clear information, tools to manage usage and expenditure, and easy access to redress mechanisms, reflected in growing levels of customer satisfaction and trust.
3. Reduced regulatory burdens, combined with growing use of consumer/industry collaboration, to reduce associated costs for consumers.

## OUR VALUES

We value independence, integrity and impartiality. We are focused on being collegiate, evidence based, capable and influential to build strong national advocacy for residential and small business consumers.

## OUR STAKEHOLDERS

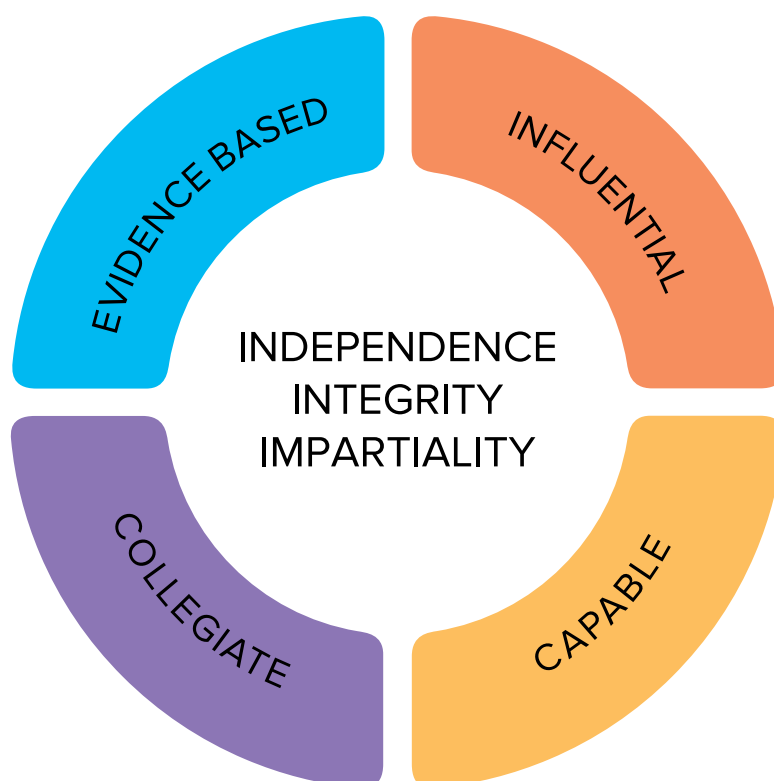
Working effectively with stakeholders is critical to our success. Our primary stakeholders are household and small business energy consumers.

We also see ourselves as part of a strong network of advocates and researchers contributing to a shared evidence base for policy making in the long-term interests of energy consumers. For Energy Consumers Australia to perform its role, we must have strong and sustainable working relationships with all stakeholders.

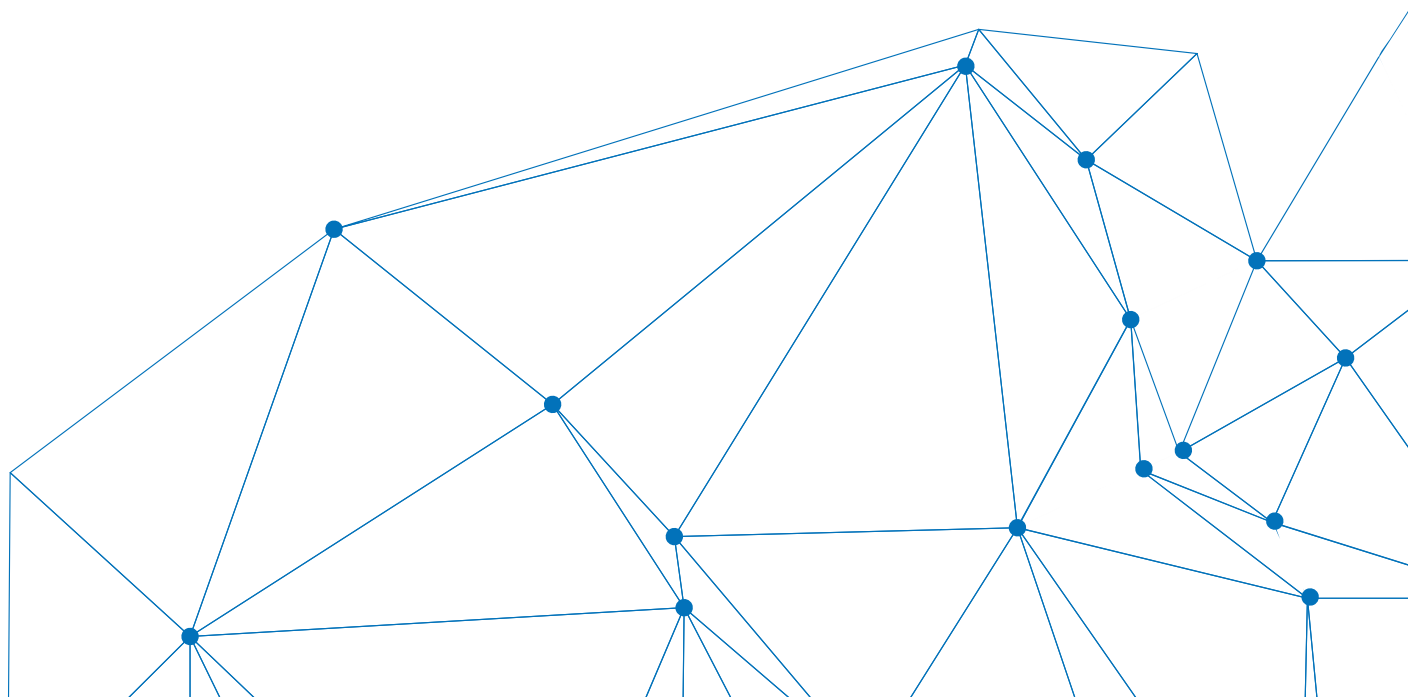
Engaging with government and the market bodies is critical – particularly those connected to the COAG Energy Council – since it is these stakeholders that hold the policy and regulatory levers.

We also work with market participants and are open to engaging with the increasingly diverse group of organisations with an interest in energy policy development, including organisations and businesses that currently sit outside the market regulatory framework.

We think it is also important to engage with media who help shape the national debates about energy policy and regulation.



<b>Consumers</b>	Residential and Small Business consumers Consumer and community organisations
<b>Energy Industry</b>	Energy Market Participants Professional and Industry Associations Next generation energy and related service providers
<b>Energy Ombudsmen</b>	Jurisdictional schemes Australia & New Zealand Energy and Water Ombudsman Network (ANZEWO)
<b>Government and Market Bodies</b>	COAG Energy Council Commonwealth policy agencies Jurisdictional Ministers, policy makers and regulators Australian Energy Market Commission (AEMC) Australian Energy Regulator (AER) Australian Energy Market Operator (AEMO)
<b>Research Community</b>	Academics Grant recipients Think tanks Other experts
<b>Media</b>	Energy industry media Mainstream media New media



## BUILDING THE GOVERNANCE FRAMEWORK

Foundational work was undertaken in 2015/16 to build a strong, robust governance framework to support and guide the work of the office:

- The organisational design – CEO Office, Research Directorate, Stakeholder Engagement Directorate, Advocacy & Communications Directorate and Operations Directorate – was established to ensure clear accountability for progressing the activities set out in Energy Consumers Australia's Constitution with internal collaborative processes to support a cross organisational approach to the work program
- Staff worked with the Board to establish reporting arrangements, corporate policies and internal controls
- Information, communications and finance systems were implemented
- Standard form contracts for staff, suppliers and grant recipients were developed
- A business plan structure was developed that sets out Energy Consumers Australia's objective, strategic priorities, stakeholders, operating environment and work program with strategic initiatives and performance criteria
- Significant work was undertaken to develop a Risk Management Framework that identifies the potential risks Energy Consumers Australia faces in meeting its objective and delivering outcomes
- A privacy audit was undertaken to ensure our processes and procedures make Energy Consumers Australia compliant with obligations under the Privacy Act 1988 and a decision matrix developed to guide decisions around information disclosure.

## REFERENCE COMMITTEE REVIEW

A review of the Reference Committee's governance and administrative arrangements was initiated after the first twelve months of operation. The review identified a number of opportunities for enhancement including updating the terms of reference to more fully reflect the working arrangements of the Committee. Further work is planned in July 2016 to survey the Reference Committee members and incorporate their experience into updated terms of reference.

## TAX STATUS

Energy Consumers Australia is a company limited by guarantee with a single Member. The Constitution sets out the requirement to operate on a breakeven basis with income applied solely to promoting its Objects, with no capability to pay a dividend. This type of not for profit entity is usually exempt from Income Tax. During 2015/16 Energy Consumers Australia sought Income Tax exemption status with the Australian Taxation Office (ATO) based on it being a public authority. However, both a request for a Private Ruling to this effect and a subsequent Objection to the outcome to this Private Ruling were not successful. The ATO's reasoning was that Energy Consumers Australia was not a public authority as it lacked the characteristic of uniqueness and was not constituted by a law of Parliament. The effect of this ruling is that Energy Consumers Australia had to file a tax return for 2015 Financial Year and then pay tax of \$529,024. Energy Consumers Australia will continue to explore avenues to ensure that the intention of COAG Energy Council in regard to Energy Consumers Australia's funding is achieved.



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# FINANCIAL PERFORMANCE



## SUMMARY OF FINANCIAL PERFORMANCE 2015/16

Year Ending 30 June	2016	2015
<b>Statement of Comprehensive Income</b>		
<b>Income</b>	\$6,252,027	\$2,428,826
<b>Expenses</b>		
<b>Grants Payments</b>	\$3,057,853	\$319,426
<b>Project</b>	\$1,400,431	\$10,000
<b>Administration</b>	\$2,667,757	\$335,986
<b>Income Tax Expense</b>	\$0	\$529,024
<b>Net Surplus (Deficit)</b>	(\$874,014)	\$1,234,390
<b>Statement of Financial Position</b>		
<b>Current Assets</b>	\$6,307,501	\$3,738,914
<b>Non-Current Assets</b>	\$125,446	\$0
<b>Current Liabilities</b>	\$3,671,035	\$1,357,351
<b>Non-Current Liabilities</b>	\$1,212,121	\$0
<b>Equity and Reserves</b>	\$1,549,791	\$2,381,563
<b>Statement of Cash Flow</b>		
<b>Cash Outflow</b>	(\$6,263,363)	(\$1,113,252)
<b>Cash Outflows from Financing Activities</b>	(\$386,745)	\$0
<b>Cash Inflow</b>	\$6,867,478	\$2,670,571
<b>Cash Inflows from Financing Activities</b>	\$0	\$2,057,998
<b>Cash at Beginning</b>	\$3,615,317	\$0
<b>Cash at End</b>	\$3,832,687	\$3,615,317

**Notes:**

- Summary version only of Energy Consumers Australia accounts. Full accounts available on Energy Consumers Australia website [www.energyconsumersaustralia.com.au](http://www.energyconsumersaustralia.com.au)
- Energy Consumers Australia's Income are fees recovered by Australian Energy Market Operator in accord with national electricity & gas rules
- Energy Consumers Australia operated for 5 months only during the 2014-2015 Financial Year
- Energy Consumers Australia is a not for profit company limited by guarantee but pays Income Tax on any Surplus that it may earn.





Energy  
Consumers  
Australia