

27 August 2020



Stakeholder Relations
Australian Energy Market Operator
Sydney NSW 2000

Dear Stakeholder Engagement,

Australian Energy Market Operator's new engagement model

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the Australian Energy Market Operator's (AEMO) proposed new stakeholder engagement models.

PIAC supports AEMO uplifting its engagement approach to improve the consistency, transparency and value of its engagement activities. PIAC is involved in a range of AEMO consultative, technical and reference groups, including currently the Forecasting Reference Group, Consumer Forum, Wholesale Demand Response Technical and Consultative Groups and NEM Wholesale Consultative Forum. As well as these regular groups, we take part in forums, discussions, knowledge sharing sessions and other meetings regarding particular consultations or processes.

Given AEMO does not routinely engage directly with mass-market energy consumers beyond informing them in a one-way communication, references to consumers in this submission generally refer to advocates for all types and sizes of consumers.

Engagement in general

Forums and other engagement activities are most beneficial when they allow two-way discussion between AEMO and stakeholders, and provide an opportunity to raise issues and give feedback effectively.

PIAC considers AEMO's approach to engagement should support three key objectives.

- Consumers should be confident AEMO's decisions are in their long-term interest and have been made with their views understood and accounted for.
- Where trade-offs occur, for example between price and reliability, they should be informed by consumer preferences.

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- If material changes are made affecting consumers, particularly where cross-subsidies are involved, they should be widely supported by consumer preferences.

We consider AEMO's engagement should broadly meet the principles set out by the Australian Energy Regulator (AER) in its Consumer Engagement Guideline for Network Service Providers¹. These are that engagement be:

- Clear, accurate and timely;
- Accessible and inclusive;
- Transparent; and
- Measurable.

AEMO should also develop a 'culture of engagement', involving a high-level commitment to good consumer engagement practices. This requires board and executive staff members to promote good engagement practices to be embedded in the day-to-day operation of the business. We discuss what constitutes a good engagement framework for regulated Network Service Providers (NSP) in section 3.2 of our 2018 report evaluating the consumer engagement practices of Network Service Providers (this report is included as an attachment to this submission).² Though specific to a regulatory setting, much of this report would also apply to AEMO's engagement.

AEMO's proposed changes to its engagement structure

PIAC supports AEMO introducing a new strategic layer through the CEO Roundtable and co-chaired Executive Advisory Panels. For the CEO Roundtable, we strongly recommend allowing CEOs of consumer advocacy organisations to nominate delegates to participate instead of themselves. In many cases, energy consumer advocates are part of larger community or consumer organisations, with CEOs and executive teams not specialising or working closely with energy consumer issues. Limiting participation to the CEO would exclude key energy consumer advocates and result in less appropriate persons representing their organisation.

We consider the proposal to align forums and working groups under new workstreams and tiers could improve the overall clarity and purpose of engagement activities and allow stakeholders to approach them more strategically. However, this new structure does not clearly address the issues identified by stakeholders in feedback to AEMO that:

- Many find the current operation of forums and working groups inconsistent, fragmented, and at times uncoordinated.
- Some forums have become a one-way information provision exercise, from AEMO to industry, without adequate opportunity for collaboration on problem definition and solution identification.

Regardless of any change to the structure of forums and working groups, PIAC recommends AEMO also consider how it can better use these groups to get feedback, support and agreement as part of its work to improve its engagement.

¹ AER, [Consumer Engagement Guideline for Network Service Providers](#), November 2013.

² PIAC, [PIAC Evaluation of Consumer Engagement by NSW DNSPs 2017-18](#), August 2018.

The proposed alignment of existing working groups and forums should be flexible and adaptable if it is to be useful. Many engagement activities encompass issues that could concern multiple workstreams and tiers and attempting to categorise them could become complex.

We consider the consumer forum should be maintained regardless of whether consumer voices are integrated into other workstreams. The consumer forum is an opportunity to focus on consumer issues and outcomes, and share consumer perspectives. It is also a practical opportunity to attend for many consumer advocates who may not have the resources to participate effectively in multiple, separate forums. The consumer forum should routinely be attended by AEMO executive and/or board members to give participants, and other stakeholders confidence that consumer perspectives are valued by AEMO.

Yours sincerely

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