

10 February 2006

Dr John Tamblyn
Chairman
Australian Energy Market Commission

By email to submissions@aemc.gov.au

Dear Dr Tamblyn

The Consumer Utilities Advocacy Centre Ltd (CUAC) welcomes the opportunity to comment on the National Electricity Amendment (Advocacy Panel) Rule.

CUAC is an independent consumer advocacy organisation, established to ensure the interests of Victorian electricity, gas and water consumers, particularly low-income, disadvantaged and rural consumers, are effectively represented in the policy and regulatory debate.

CUAC wishes to comment on three elements of the proposed Rule change.

The first relates to the criteria for appointment to the Panel. The amended Rule provides no indication of what criteria will be used to select Panel members. In order to make sound and well-informed decisions about grant applications, Panel members must have expertise on consumer issues in the National Electricity Market.

In this transitional period, and in going forward, we would strongly recommend that in drawing up the criteria for appointment, the AEMC use the *Principles for the Appointment of Consumer Representatives: a Process for Government and Industry*, which was published last year by the Commonwealth Consumer Affairs Advisory Council and the result of extensive consumer, industry and government consultation.

CUAC does not agree with the view expressed in the MCE paper that delinking Panel members from representing a particular constituency is the best solution to a perception that funding decisions lacked objectivity. The Panel members' overarching obligation is, rightly, to the good governance of that body, but there are numerous examples where consumer representatives are able to balance their fiduciary obligations to a Board or Committee and accurately reflect the interests of their constituency.

Clarity and consistency in application of funding criteria will more effectively ensure that funding decisions are transparent and reflect consumers' needs.

The second comment relates to the MCE's intention that the new consumer advocacy body should have a particular focus on small to medium consumers, recognising that the interests of those classes of consumers are often not effectively heard in national regulatory decisions. Given that the transitional period now looks to be in place (at least) until the end of this year, it would seem entirely appropriate that the amended funding criteria reflect the MCE's recognition of that need.

CUAC would therefore strongly recommend that in developing the funding criteria for the Advocacy Panel, the AEMC incorporates a focus on the interests of small to medium consumers.

Finally, CUAC would like to emphasise the need for the Panel to continue to have the capacity to consider urgent grant applications. In drafting the new funding guidelines, clause 8.10.3.(f) should not be interpreted in a restrictive manner. The timelines for public consultation in AEMC, AER and MCE processes are rarely longer than eight weeks, and often – as was the case with this proposed Rule change – shorter. To be effective, the Panel needs the flexibility to provide support to consumers as it is required.

Please do not hesitate to contact me on 03 9639 7600 should you have any questions about this submission.

Yours sincerely

Kerry Connors
Executive Officer