

# A proposal for the establishment of a **National Energy Advocacy Organisation**

## **ENERGY CONSUMERS AUSTRALIA Ltd**

A national energy advocacy organisation  
to advance the interests of Australian residential  
and small business energy consumers,  
including vulnerable groups

26 October 2012



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# 1 Executive Summary

**This Business Plan proposes the establishment of a new national energy consumer advocacy centre, Energy Consumers Australia (ECA) – a national energy advocacy organisation to advance the interests of Australian residential and small business energy consumers, including vulnerable groups.**

This Plan comprises:

1. a Business Plan
2. a Constitution (Appendix A)
3. 3 year operating and establishment budgets (Appendix B)
4. an implementation plan.

In summary this Plan proposes that the centre:

- work collaboratively with other consumer agencies engaged in energy consumer advocacy, and complement and learn from their work
- have at the centre of its Objects and Activities, advancing the interests of all Australian energy consumers, including vulnerable groups
- be named Energy Consumers Australia Ltd
- be structured as a company limited by guarantee
- be located in Sydney, and possibly co-located with the Australian Communications Consumer Action Network (ACCAN)
- commence with an establishment budget of \$476,000
- commence with a year one operating budget of \$2.5 million
- establish itself as a national energy policy, research and advocacy centre. It will not be a peak body, nor a membership organisation. In order to comply with the corporations law, there will be three Members: the Australian Council of Social Service, Consumers Federation of Australia and Choice
- be governed by 7 directors, 4 of whom must live or work in at least 4 states/territories at the one time
- comprise 9.5 FTE staff
- be funded by an industry levy.

## 1.1 OVERVIEW

This Plan proposes the establishment of a national energy advocacy centre, Energy Consumers Australia (ECA), with the aim of advancing the interests of all consumers in the Australian energy sector.

The need for a national energy advocacy body has been identified and supported by consumer energy advocates, by independent analysis, including from the Productivity Commission, and by national energy regulators and representatives of government.

At present, disparate advocates for residential and small business, low income and disadvantaged energy consumers contest issues alongside well-resourced representatives from the electricity generation, network and retail sectors. Each of these industry sectors has national peak bodies, as do large-scale energy consumers.

Energy market decision-making processes are often complex, highly technical and time intensive. The establishment of ECA would allow representatives of small-scale energy consumers to engage with these processes more effectively, giving greater strength, depth and co-ordination to the consumer voice.

It is proposed that ECA be funded by the energy industry. While small in size, the national centre would sit within the broader network of energy consumer advocacy organisations and projects. This is consistent with the approach agreed by CEOs of community energy advocacy organisations in April 2012.

This Plan argues that its value would be repaid many times over through more effective consumer representation in energy market processes, through a modest cost passed through to consumers from funding the national centre.

Available data from the Australian Energy Regulator (AER) indicates that there are just under 9.2 million residential electricity customers in the National Electricity market (NEM) and WA as of June 2011.<sup>1</sup> Using just this figure, the cost to residential electricity customers for the new Energy Consumers Australia will be in the order of 28 cents per household per year.

It is proposed ECA's annual budget would be \$2.5m with establishment costs of just over \$476,000. By way of context, total expenditure in the National Electricity Market totals approximately \$23 billion per annum<sup>2</sup>. The impact of certain electricity network revenue decisions successfully appealed by the industry over a five-year period has been estimated at \$3.6 billion<sup>3</sup>, a process in which consumer advocates have found it notoriously difficult to participate. It is clear that even a small improvement in the effectiveness of energy consumer advocacy into these processes will result in a benefit to all energy consumers, which far outweighs the costs of the proposed ECA budget.

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1 Non residential electricity and gas consumer figures are not available from the AER

2 Simon Orme, James Swansson, Eli Hefter, Scoping system for a consumer energy data access system (CEdata), August 2012, p. viii

3 Professor George Yarrow The Hon Michael Egan Dr John Tamblyn, Review of the Limited Merits Review Regime, Stage One Report, 20 June 2012, p. 19

Establishing the ECA to work collaboratively with the existing network of funded consumer energy advocates and projects recognises the critical contribution of jurisdictional and sectoral advocates to often complex processes, and the benefits that can be gained through coordination of strategic projects and advocacy.

This model is proposed to allow at least full two years of collaborative work between the new national centre and existing state/ territory bodies, with a view to an independent review of national consumer advocacy arrangements during its third year of operation.

Two years will also allow for proper consideration of how future arrangements might best be structured. This assumes that areas of uncertainty such as the National Energy Customer Framework (NECF) will be clarified by then.

Such a review would look at the co-existence of ECA, the Consumer Advocacy Panel (CAP), and the National Energy Roundtable.

Energy Consumers Australia Ltd will be a company limited by guarantee, located in Sydney. Sydney has been chosen as the location for ECA, as the Sydney based Australian Communications Consumer Action Network (ACCAN) is also located there. Co-location with ACCAN is being discussed, providing an opportunity for economies of scale and sharing of expertise. The ECA Budget at Appendix B however does not assume that co-location will actually occur. It would not be prudent to assume this, and so the ECA budget makes provision for individual set-up separate from ACCAN. In terms of the relationship with ACCAN if co-location was to occur, the organisations would operate separately, except for some possible shared back office. The organisations would have separate signage and corporate livery, but leverage off ACCAN's existing expertise and knowledge, and cross fertilise across the advocacies.

The proposed Constitution of Energy Consumers Australia Ltd is at Appendix A.

## 1.2 BACKGROUND

The obvious gap in national advocacy for Australian energy consumers has been discussed for some time now.

Two main areas of activity have been undertaken:

- Research reports
- The National Consumer Roundtable on Energy, commonly referred to as the Roundtable

The Roundtable is a Consumer Advocacy Panel funded collective of consumer advocacy organisations, which have met on a regular basis since 2005 for the purpose of:

- development of joint work and positions on matters of national interest
- development and formation of relationships with academics and expert speakers from government and industry, identifying synchronicity and interactions between energy and social policy and working to join these up
- information sharing
- networking
- coordination and development of advocacy positions
- direct engagement with stakeholders in the energy industry

- learning from approaches in other jurisdictions
- planning and co-ordination of stronger submissions
- joint submissions and press releases

The organisations, which have participated in, and/or contribute to, recent Roundtable work are attached as Appendix C.

While the Roundtable has operated as a cohesive consumer advocacy network, it has not been able to provide a coordinated and effective national voice across all areas of national policy development requiring consumer input.

The Roundtable strengths have been to develop a framework for good collaboration between state-based groups which has included a shared understanding of the diversity of issues amongst states. It is a framework which has strengthened the quality of advocacy, both formal and informal, and also one which allowed strategic coordination for best use of limited resources as well as some joint positions on issues of significance. This is not always reflected in one single submission, but there is often great consistency amongst a number of individual submissions going to regulators as a result of prior discussion and collaboration amongst groups.

Roundtable participants have been able to observe, and have been concerned by, the gaps in advocacy on various national interests, but they have not collectively or individually been resourced to address these gaps.

The Roundtable has held discussions about the need and support for a national energy advocacy body, including a specific day workshop in April 2012 to consider the review of consumer advocacy in Gordon Renouf's Making Energy Markets Work for Consumers Report (the Renouf Report) of November 2010.

At that time a majority of participants considered model D in the Renouf Report to provide an appropriate structure to address the gaps in national advocacy, while maintaining the capacity of state-based energy advocacy groups.

The Renouf Report describes Model D as:

***“A small national centre at the centre of a broader funded network”.***

This Business Plan has been auspiced by 5 lead consumer agencies:

- the Alternative Technology Association.
- the Australian Council of Social Service (ACOSS)
- the Consumer Action Law Centre Victoria (CALC), and
- the Consumer Utilities Advocacy Centre Victoria (CUAC)
- the Public Interest Advocacy Centre NSW (PIAC)

A national working group was set up, through a national expression of interest selection process, run by an independent external facilitator, Fiona McLeod.

The Working Group members are:

Choice	Matt Levey
Consumer Action Law Centre Victoria	Gerard Brody
Public Interest Advocacy Centre NSW	Ed Santow
Qld Council of Social Service	Linda Parmenter
South Australian Council of Social Service	Ross Womersley
Total Environment Centre	Mark Byrne
Uniting Care	Stella Avramopolous
West Australian Council of Social Service	Brent Savage.

This Working Group and the external facilitator have developed the vision and purpose of the ECA, in consultation with key stakeholders, and recommended the Business Plan to the five lead agencies who approved it for recommendation to government.

For the ECA to work effectively, continued funding of the broader energy consumer advocacy network is considered critical to the success of Energy Consumers Australia Ltd. It will provide a mechanism for different jurisdictions and customer segments to input into the development of national policy and advocacy positions.

It will also ground the decision making of ECA in the experiences of consumers and their representative groups.

It will give legitimacy to ECA and allow ECA to build on the skills and knowledge of groups which have significant jurisdictional (and in some cases national) experience and connections through members, or direct client contact with the needs of consumers on the ground. This will ultimately achieve better advocacy outcomes for consumers.

## 1.3 OBJECTS

Energy Consumers Australia's Objects are to:

- advance the interests of Australian residential and small business energy consumers, including vulnerable groups, through national advocacy;
- promote secure access to affordable, reliable, safe, and environmentally sustainable energy services for all consumers;
- develop and amplify a strong, coordinated voice for Australian consumers, through collaborative work with organisations engaging in energy advocacy, and to represent and advocate on behalf of Australian consumers to Government, regulators and the energy industry;
- facilitate access and disseminate information and tools to consumers, consumer and welfare organisations;
- identify and redress systemic disadvantage and market failure, to promote a fair energy market, recognising that energy is an essential service which contributes to wellbeing and the ability to participate in the economic and social mainstream, and recognising the important correlation between social and energy policy; and
- undertake research on and advocate on behalf of energy consumers on energy law and regulatory reform.

## 1.4 ACTIVITIES

Energy Consumers Australia's activities, described generally in the Constitution, and in more detail later in this Plan, are to:

- advocate on behalf of all Australian residential and small business energy consumers and to governments, regulators, and industry through:
- participation in regulatory and co-regulatory activities;
- contribution to the development of policy relevant to energy consumers;
- collaborative work with consumer and welfare organisations engaged in energy advocacy in each Australian state and territory, including consumer organisations working to assist low income and vulnerable energy consumers;
- conduct research on its own initiative and on issues identified by state/territory based energy advocacy organisations;
- contribute to the development of and compliance with industry codes, standards and guidelines for the energy industry; and to identify areas where industry and/or regulatory response is necessary;
- facilitate forums, consultations and meetings to promote engagement and priority setting with consumers, consumer groups and representatives;
- support, train and enhance the capacity and effectiveness of consumer representatives;
- build and strengthen alliances that favour consumer interests;
- engage in public discussion of energy issues, through media and campaigns;
- establish and maintain a knowledge base of internal and external technical expertise and research;
- keep adequate data on national energy consumer issues, for reporting purposes and to identify and redress issues which negatively impact energy consumers.



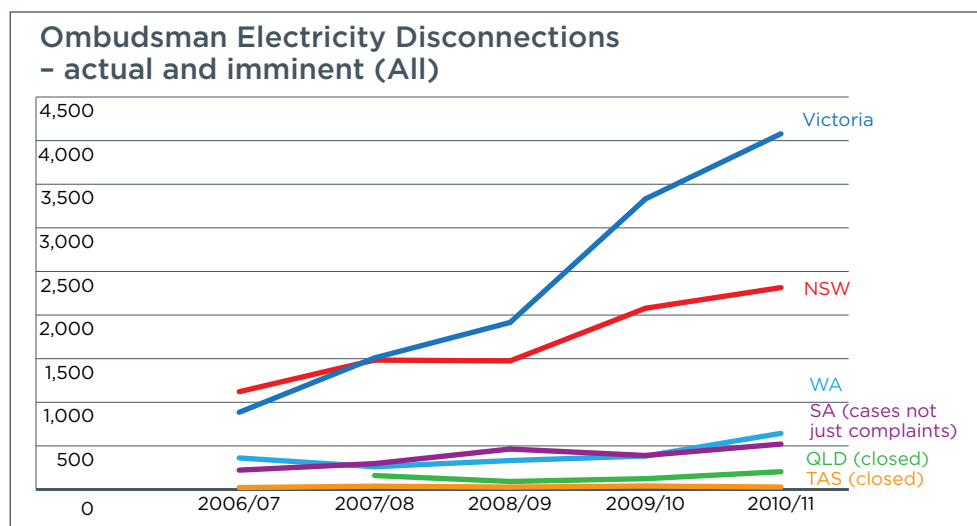
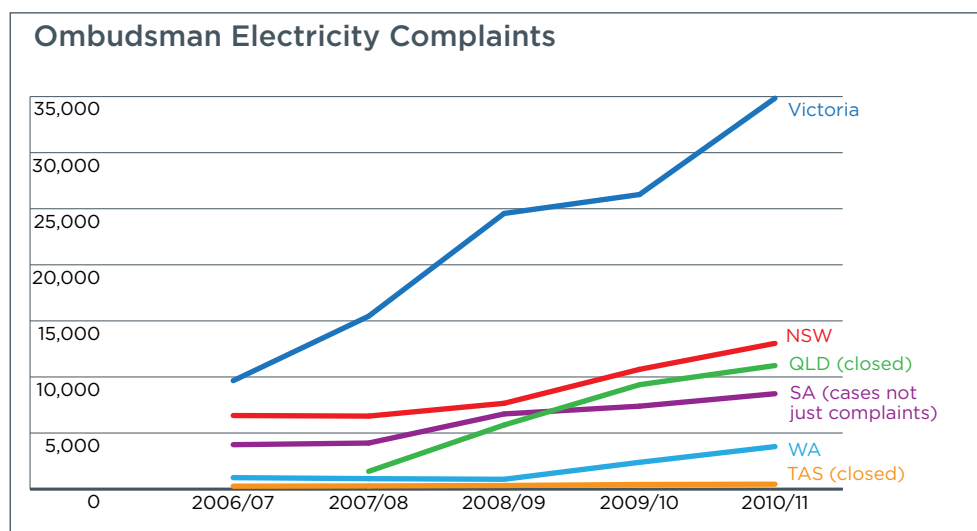
## 2 Situational Analysis

### A CHANGING ENERGY MARKET

#### A national energy market has been progressively introduced since 1995.

While there were changes in the regulatory regime in the late 2000s, it has remained substantially similar over that period. However, during the same period there have been substantial changes in the Australian and global energy markets in response to the following drivers:

- Electricity bill increases averaging more than 50% nationally since 2007, with the single largest driver on a national basis increased investment in energy network infrastructure.
- Resulting from these increases, growing incidence of 'bill shock', energy poverty and call on hardship programs.



- Higher customer churn rates, especially in Victoria, with widespread evidence of more proactive, and in some cases, intrusive and misleading marketing, including through door-to-door sales and commercial switching and price comparator services.
- Changes in consumer behaviour, including large increases in peak demand driven by higher air-conditioning loads on summer afternoons and evenings.
- Technological changes, many of them transforming the relationship of consumers to their energy usage and also presenting significant challenges in terms of consumer protection, including the voluntary and mandatory introduction of smart meters and the phasing in of time variable prices.
- The inconsistent nature of the intended policy of privatisation and competition policy in the energy markets, with a mixture of competitive and monopoly sectors of the supply chain; government and private ownership of assets; and only partial implementation of the National Energy Customer Framework (NECF), with retail price regulation being retained in some governments' hands.
- Impacts of severe weather events, including power station shut-downs caused by both drought and flood; the impacts of bushfires on poles and wires and heatwaves.
- The introduction of the Renewable Energy Target in 2001 and the Clean Energy Future legislation in 2010.
- The emergence of new sectors including private and precinct co- and tri-generation systems (e.g. City of Sydney) and community renewable energy projects (e.g. Hepburn Wind), and the shift towards decentralised energy generation and storage technologies, including electric vehicles.

In short, the main challenges currently facing the Australian electricity and gas markets are to constrain retail price increases and to transform the electricity network from its traditional 'hub and spokes' model to a two-way system with greater consumer participation and (in the short term) intermittency.

Recent statements from Federal and State Governments, along with the progress of major reviews, have made it clear that consumers will experience significant changes in the way they engage with energy consumption in the near future. Processes including ongoing smart meter roll-outs, staged retail price deregulation and the phasing in of time variable pricing, and access to an unprecedented amount of consumption data will present opportunities and also many challenges to ensure that consumers are properly protected and have full access to the benefits of these changes. As experience in both Australia and overseas has shown, a lack of consumer engagement and confidence would undoubtedly see many of these processes stall.

These energy market changes, which are likely – in spite of some consumer resistance – to accelerate in future, require sophisticated research, educational and advocacy responses from consumer advocates, which can best be facilitated by a national body coordinating and building on the work of jurisdictional and specialist groups.

## 2.3 NEED FOR NATIONAL ENERGY CONSUMER ORGANISATION

### Consumer research

The Renouf Report concluded that there is a need for increased resources for national energy consumer advocacy in Australia. The report found:

- There is a lack of resources to undertake all the advocacy required to advance important consumer interests.
- Not all formal advocacy that is required is undertaken. The formal advocacy that is undertaken requires more coordination and greater access to technical skills.
- The need for increased resources for formal advocacy is the tip of the iceberg. Advocates need a much greater capacity to research the needs of a more diverse range of consumers, and to explore the costs and benefits of potential changes and their likely impact on the market and consumers, including, but not only, through greater analysis of overseas experience.
- Case studies of effective advocacy and a number of evaluations and reports demonstrate the impact that advocacy has in securing change in consumers' interests.
- Other indicators of the likely need for increased resources for advocacy include substantial increases in the numbers of complaints handled by the energy ombudsman schemes and the ongoing dynamic and uncertain nature of energy regulation, with the full impact of a large number of recent changes not yet known and many more flagged.

The Renouf Report also identified a number of benefits from increased resourcing of energy consumer advocacy, including:

- capacity for consumer advocates to respond to a greater proportion of the formal processes initiated by decision-makers (whether through submissions, building capacity for local communities to engage in distribution company proposals to regulators, or participation in working committees and similar).
- capacity for advocates to provide higher quality input to all formal processes.
- capacity for advocates to respond to a greater range of issues, including issues, which are currently engaged with less frequently, due, for example, to their complexity, the requirement for specialist knowledge and/or their relative remoteness from the issues experienced directly by consumers.

- ability of the advocacy system—through increased research and better engagement with consumers, service providers and other local organisations—to identify additional issues facing consumers, to identify issues at an earlier stage, and to undertake ‘proactive’ advocacy, to have these issues taken up by policy makers.
- increased capacity of advocates to lobby more effectively for decision-makers to include consumer interests at an earlier stage in the decision-making process.
- efficiencies flowing from greater coordination of advocacy, and removal of duplication.
- increased access to technical expertise, whether through staff appointments, formal arrangements with university centres and/or capacity to retain professional consultants.
- the potential to develop a centralised repository of research and other knowledge that would be accessible to consumers, consumer advocates and others on an ongoing basis.
- overall, an increased capacity to respond to the breadth and complexity of issues in the energy market.

## PRODUCTIVITY COMMISSION ANALYSIS

The Productivity Commission has found that there are a number of clear and compelling reasons why there is a need for effective consumer advocacy in consumer markets:

*There is a prima facie case for governments to provide some support for [consumer advocacy]. Given the often large number of constituents that consumer advocacy bodies represent, ‘free rider’ problems are likely to be a greater impediment to private funding than in the business sector. Indeed, it is clear that resourcing constraints have sometimes prevented advocacy bodies from participating in policy development, even when requested by government to do so ... the Commission’s judgment is that there would be a net benefit to the community from an increase in the currently low level of public funding for these advocacy functions<sup>4</sup>.*

The Productivity Commission recently reinforced its view that there is an urgent need for governments to support consumer advocacy and research<sup>5</sup>.

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4 Productivity Commission, *Review of Australia’s Consumer Policy Framework*, 30 April 2008, page 49.

5 Productivity Commission, *Australia’s Urban Water Sector*, 31 August 2011.

## VIEWS OF REGULATORS

The Australian Energy Regulator (AER) has recently stated its view that there should be a national energy consumer advocacy body:

*The transition to a national framework for the regulation of the Australian retail energy market and initiatives to increase consumer engagement in network revenue regulatory processes will only increase the scope of further advocacy work. The AER believes that these developments highlight the need for the establishment of a well-resourced, national independent consumer advocacy body. The establishment of this body would ensure that customers' views can be represented effectively in the new regulatory environment and the impacts upon them are appropriately considered and reflected in decision-making<sup>6</sup>.*

The Australian Energy Market Commission (AEMC) has also indicated strong support for a national energy consumer body:

*The Commission is of the view that a national energy consumer peak body should be established. Such a body would facilitate more effective consumer engagement by improving the capacity of consumers to participate in regulatory processes and the issues covered in those processes. The introduction of the National Energy Customer Framework supports further the need for a national peak energy consumer body.*

*This is consistent with the Productivity Commission's previous recommendation for a peak national consumer body. A major benefit identified is "higher quality consumer input into policy making, including through better access to the views of frontline consumer agencies".<sup>7</sup>*

The Australian Energy Market Commission (AEMC) has recently re-stated this support for increased consumer advocacy resources, and clarified the need for distinctive jurisdictional views to be maintained:

*The AEMC would be supportive of initiatives to improve the ability of consumers and their representatives to participate further in the regulatory and other processes relevant to energy market development. We consider it is important that such initiatives are undertaken in a way that seeks to ensure that the broad range of consumers' interests are represented while distinctive State based views are still represented.<sup>8</sup>*

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<sup>6</sup> Australian Energy Regulator, *Submission to Senate Standing Committee on Electricity Prices*, September 2012, page 13.

<sup>7</sup> Australian Energy Market Commission, *Directions Paper—National Electricity Amendment (Economic Regulation of Network Service Providers) Rule 2012*, March 2012, page 155.

<sup>8</sup> Australian Energy Market Commission, *Submission to the Senate Select Inquiry into the Electricity Prices*, September 2012.

The Productivity Commission's Electricity Networks Regulatory Frameworks Report says:

*The overarching objective of the regulatory regime is the long-term interests of electricity consumers. This objective has lost its primacy as the main consideration for regulatory and policy decisions. Its pre-eminence should be restored by giving consumers much more power in the regulatory process - Australian governments should create an industry-funded representative energy consumer body with the expertise to be an effective participant.*

*There are strong grounds for improving information flows to consumers — such as through the public availability of benchmarking results, and information on the various cost drivers of electricity bills.*

*Equally, there is merit in a single consumer body with expertise in the economic regulation of energy markets and, accordingly, the capacity to understand some of the complexities of the NEM and its investment and cost drivers. The body would need to represent all consumer groups, consistent with the objective of the National Electricity Law to promote the long-term interests of consumers.*

*This body could engage with NEM institutions in their processes and would give them the scope to participate in the negotiation of regulatory determinations with network service providers, a model that has apparently worked well in the United Kingdom and the United States. It would represent all household and business consumers — and not any particular constituency — and it would be headed by people selected on a merit basis. An advisory group representing the many diverse consumer groups would provide (non-binding) advice to the body.*

*As for some other institutions in the NEM, the body would be financed through a small ongoing levy on market participants (effectively amounting to a consumer levy). In addition to its major role as an informed and capable body with economic expertise.”*

The Rule Change Committee in its recent Briefing to Minister Ferguson on negotiated Settlements in the Regulation of Network Service Providers has said:

*We strongly support a much greater allocation of funding for consumer advocacy. It is particularly frustrating for energy users to observe the unlimited resources available to network service providers to promote their interests in regulatory processes, knowing that such resources are being recovered from energy users through regulated charges. We suggest that there is a very strong case to address this imbalance. We also believe that some sort of NEM-wide non-exclusive energy-user advocacy and research institution could improve energy user representation.*

The Chairman of the Australian Competition and Consumer Commission (ACCC) also recently stated in relation to the regulation of electricity networks:

***There needs to be a well funded consumer body with appropriate expertise that can engage in each step of the regulatory process to ensure that the voices of small users are heard.<sup>9</sup>***

The Senate Select Committee Inquiry on Electricity Prices currently in progress, makes specific mention of its desire to investigate:

***d. ii the opportunities for improved customer advocacy and representation arrangements bringing together current diffuse consumer representation around the country, and***

***d. iv the adequacy of current consumer information.....***

In a recent speech to the Energy Policy Institute of Australia the Prime Minister made clear she wanted “more empowered consumers”.

The Australian and New Zealand Energy and Water Ombudsman Network (ANZEWON) says in its letter of support:

***We are aware that there are some strong and active consumer groups at a state level, but there has not been a dedicated national consumer voice for energy issues at a critical time when we are moving to a national consumer protection framework to complement the national energy market.***

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<sup>9</sup> Rod Sims, Speech— *The ACCC at work: consumers, competition & regulatory issues*, John Curtin Institute of Public Policy, 13 September 2012.

## 2.4 HOW ENERGY CONSUMERS AUSTRALIA WOULD ADD VALUE

### INCREASED CAPACITY TO PROVIDE A VOICE ON ENERGY ISSUES

As a new national centre, Energy Consumers Australia will provide a strong, coordinated voice for all Australian residential and small business energy consumers, who can speak authoritatively with industry, regulators and government. It will employ a small staffing base, with expertise in social leadership, policy, advocacy, and campaigns, communication. It will be able to employ a range of strategies (including, but not limited to, participating in formal processes) to advance the interests of energy consumers.

It will also employ two way communication methods with agencies and advocates currently expert in the energy space, recognising that the greatest effectiveness nationally will be to leverage knowledge and expertise already built up over many years across Australia.

The ECA will also be able to participate in stakeholder committees, stakeholder groups, working groups and other energy market committees and reference groups, adding value in that way.

### NEW CAPACITY TO WORK ON GAS ISSUES

ECA will fill the identified need to better represent energy consumers in relation to national gas policy, so adding enormous value to the small amount of gas market advocacy currently undertaken by small scale energy consumer advocates.

### INCREASED CO-ORDINATION OF ADVOCACY

This Plan proposes maintaining the level of resources allocated to other consumer advocacy organisations, and for Energy Consumers Australia to leverage off those skills and resources for 2 years to begin with. After two years, a review of consumer advocacy arrangements is proposed. In addition to acting on its own behalf, Energy Consumers Australia will:

- identify issues and act as an expert resource for other advocates;
- devise mechanisms for consultation with general consumers across Australia, including but not limited to:
  - » annual energy consumer surveys
  - » rural and regional engagement with local communities during the design of electricity network proposals affecting those communities
  - » information on a website and through other electronic means.
- support information-sharing and skill enhancement;
- facilitate and participate in the National Consumers Roundtable on Energy<sup>10</sup>; and
- develop a research agenda after consultation with stakeholders, and supervise and coordinate ECA's approved research agenda.

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<sup>10</sup> It is proposed that the current CAP allocation for administration of the Roundtable move to ECA. ECA's Budget does not include the cost of facilitation of the Roundtable.



## INCREASED ACCESS TO TECHNICAL SUPPORT TO UNDERTAKE ADVOCACY

A significant proportion of Energy Consumers Australia's budget would be allocated to enable the centre to purchase additional technical assistance for itself, which can also be shared with other advocates. High-level technical advice from fields such as engineering, regulatory economics would be obtained to positively influence market regulation developments. Technical expertise is particularly important for participation in ongoing network revenue determinations (see below key priorities 4.2).

## BETTER PREPARATION FOR NECF

ECA will play a pivotal role preparing for implementation of the National Energy Customer Framework. If the Centre can establish itself before 1 July 2013, it will enable a national focus on NECF and its impact on energy consumers. It will be important for ECA to advocate for all consumers within and outside the NEM, and to work collaboratively with states and territories to be able to delineate state from national energy issues, and aim to effectively manage state from national.

## INITIATION AND RESPONSE TO REQUESTS FOR RULE CHANGES

Thus far, there has been no real national residential/ small business consumer voice in the area of Rule changes. This is one of the identified gap areas for Australian advocacy and one which the ECA plans to fill. ECA will also work to assist other consumer advocates in their efforts to explore Rule Change initiatives. This would include training of those advocates.

## MORE EFFECTIVE PARTICIPATION IN MARKET REVIEWS

A national ECA, working with jurisdictional and sectoral advocates, will increase the capacity of consumers to effectively participate in various market reviews as they arise. The establishment of national consumer policy expertise will be a new value add.

## WIDER AND MORE COORDINATED NATIONAL COMMUNICATION WITH EXTERNAL STAKEHOLDERS

The creation of a national energy advocacy centre will enable more coordinated communication about energy consumer issues, throughout the country. The centre's work will be grounded in the activities and views of state/ territory advocates, but there is no question that the establishment of a national body, through which many views may be expressed, is a great step forward.

Many key stakeholders have expressed a wish for a national body with whom they can deal, knowing that body has its fundamental premise, working with all other consumer agencies and advocates to develop national policy positions and a national knowledge base.

## INITIATION AND PARTICIPATION IN LAW AND REGULATORY REFORM

Good law and regulatory reform is informed by good consultation with all key stakeholders. The ECA will be in a position to identify areas for reform, in its role to actively seek information from around Australia about energy consumer experiences. ECA will also be in a good position to actively participate in reform.

## UNDERTAKING RESEARCH

A key gap at present, which the ECA aims to fill, is the absence of a truly national body of research, which government, regulators, consumer advocacy groups and industry can refer to and rely on, in their strategic work.

Effective energy consumer research can mean the difference between a positive and a negative regulatory outcome for consumers. It is vital that effective decision-making is informed by the experiences of all energy consumers.

## SERVICE TO CONSUMERS

The ECA will draw on the casework and direct experience of advocates around Australia. It will carry out an intelligence gathering and referral function by first of all learning from direct customer contact with the ECA. Direct consumer calls to the ECA will be mined for information about what the issue is for the consumer, prepare for advocacy as needed, and then the caller will be properly referred to a relevant body, such as an Ombudsman or locally-based advocate.

## ACT AS A CLEARING HOUSE

One of the significant value adds that ECA will provide is the first national energy advocacy repository of information from around Australia. This knowledge bank will draw from current jurisdictional and sectoral advocates and agencies, as well as work done under the ECA's own initiative.

This knowledge bank will be easily accessible to the public, to government, industry, and regulators. Importantly it will be a living, current knowledge bank, bring together disparate sources of information and materials into the one national access mechanism, and creating "memory" around the very complex issues facing energy consumers.

## EDUCATION OF CONSUMERS

National energy literacy will be a main focus of the ECA's work and aims to build consumer capacity in a more coordinated way than at present. The centre will use as many and varied education tools and techniques as are effective and affordable to assist consumers to understand the complexities of the energy market and their place and power in that market.

## FACILITATING THE LINK BETWEEN ENERGY AND SOCIAL POLICY

While it is not possible to estimate the precise value that Energy Consumers Australia would provide to the Australian economy and society, considering the evaluations of many consumer agencies' research and project work, and the current inability of consumer advocates to reach key areas, the value of ECA to end use consumers and society will inevitably outweigh the costs many times over.

The models of consumer advocacy proposed by the Renouf Report, and the model proposed by this Business Plan, aim to overcome the most commonly identified weaknesses with the current system, as identified by that report:

- Limited capacity to provide a voice on energy issues
- Need for increased coordination of advocacy, particularly on national issues
- Insufficient access to technical support to undertake advocacy.

## 2.5 ENERGY CONSUMERS AUSTRALIA AND THE SYSTEM DESIGN PRINCIPLES

The *Making Energy Markets Work for Consumers Report* identifies nine principles for an effective energy advocacy system (it also identifies an additional seven good practice principles). These principles are listed below, together with an explanation as to how the establishment of Energy Consumers Australia will contribute to these principles, as well as an outline of the Roundtable's strengths and gaps.

Principles		Existing Roundtable and broader consumer and welfare advocacy network	Proposed Functions of Energy Consumers Australia
The advocacy system is strategic and able to allocate resources to the activities most likely to advance energy consumers' interests, including proactive and response advocacy as required.	Strengths	Working expertise and experience in past and emerging consumer and welfare advocacy issues. Expert working knowledge of local/ jurisdictional issues and a shared understanding of the diversity of issues amongst states. Strong collaboration between groups to develop a shared understanding of the diversity of issues, and good level of consistency amongst submissions.	The Board of ECA will set the strategic direction for ECA, including an annual work plan after consultation with stakeholders. The management of ECA, particularly the CEO, together with policy and advocacy staff, will prepare and monitor more detailed work plans. ECA will maintain consistent engagement with government, regulators, ombudsmen, and the broader network of energy consumer and welfare advocates to assist in identifying areas of national priority. Maintain an accessible online register of formal advocacy required, due dates, and who is working on what. Gather and build an easily accessible library of research data for state/ territory based organisations to draw upon for formal advocacy.
	Needs	'Helicopter view' of reform agenda and identification of which organisations are covering different policy development areas. Some areas of national policy development are not addressed due to lack of resources, coordination or technical skills. Unnecessary duplication of research effort amongst organisations which are working on the same things.	

Principles		Existing Roundtable and broader consumer and welfare advocacy network	Proposed Functions of Energy Consumers Australia
Advocacy is based on a robust connection to consumers (whether through membership, casework, service provision, research or otherwise)	Strengths	Strongly connected to consumers through provision of casework and services to the community. Ability to leverage existing networks and services to collect and disseminate information directly to consumers.	ECA will have a strong connection with consumers, primarily through close working relationships with the broader network of energy consumer advocates who represent energy consumers through different means (including membership, casework, service provision). These relationships will be through regular collaborative work, research, submissions, reference groups and committees, including the National Consumer Roundtable on Energy. ECA will also undertake a significant annual survey of consumers. This survey will provide ECA with direct insight into the views and preferences of consumers about energy services. ECA will seek to develop and strengthen ties directly with consumers over time.
	Needs	National coordination and clearing house of consumer experience and research, across all states and territories, into a national picture. National information base of consumer experience and issues, derived from state/territory bodies.	
The advocacy system is able to build and sustain expertise, interest and engagement in local-level organisations	Strengths	Established expertise and engagement in a range of policy areas. Already have established relationships with local level organisations, delivering capacity building.	ECA will leverage off the broader network of energy consumer advocates nationally, and draw on their expertise, interest and engagement. ECA will seek to facilitate the development of relationships with local and grass roots consumer organisations, both through other energy consumer advocates and directly. Develop training materials for delivery to local level organisations. Maintain a library of capacity building materials (presentations, fact sheets etc) that have been produced by other advocates on various topics. Produce a regular bulletin on advocacy issues for energy consumers for dissemination by the network.
	Needs	Lack of resources to develop materials and deliver training or general updates on current issues. Unnecessary duplication of work on developing materials amongst advocacy organisations.	

Principles		Existing Roundtable and broader consumer and welfare advocacy network	Proposed Functions of Energy Consumers Australia
<p>The advocacy system includes the capacity to support the informed voices of diverse energy consumer interests reaching decision-makers:</p> <ul style="list-style-type: none"> <li>the advocacy system uses a principled approach to balance the interests of different groups or classes of energy consumers;</li> <li>the advocacy system supports advocates representing different interests to exchange views, explore common positions and, where appropriate, coordinate advocacy.</li> </ul>	Strengths	<p>In depth understanding of the interests of different consumer and welfare groups.</p> <p>Ability to develop policy and advocate for particular consumer groups.</p> <p>Good knowledge of the diversity of views across advocacy networks, and establishment of common positions for particular areas of reform, where possible.</p>	<p>ECA, representing all residential and small business consumers of energy, recognises that consumer interests can be diverse.</p> <p>ECA will seek to balance and align the interests of different consumers, and where differences continue, will represent the different views, so that these are known to stakeholders and decision-makers.</p> <p>ECA will not seek to represent one group of consumer interests over another.</p> <p>ECA will work with the broader network of energy consumer advocates, including those representing specific groups such as low-income consumers, older consumers, consumers from non-English speaking backgrounds, regional and rural consumers as well as small business consumers (among others). However the focus of ECA is <u>all</u> consumers - "average Australians".</p> <p>ECA will identify coalitions and seek to work collaboratively with the various advocates representing these different consumer interests.</p> <p>Facilitate advocacy processes (such as the Round Table and other groups) to explore, record, analyse and synthesise the diversity of views and opportunities for common policies and advocacy.</p> <p>Maintain an online library of policy positions in the advocacy network, and a register of 'go to' people for various energy advocacy topics.</p>
	Needs	<p>Ability to coordinate more broadly across the network to enrich policy positions.</p> <p>Coordination to facilitate the development of common positions on emerging issues or policy gaps.</p> <p>Centralised record of the diversity of positions taken by various advocates on different topics, and identification of gaps and opportunities.</p> <p>Analysis of diverse policy positions, consultation with all advocacy stakeholders nationally, and development of balanced positions in the best interests of all energy consumers in Australia.</p> <p>Centralised information on 'go to' people in the advocacy network for various energy advocacy topics.</p>	
<p>The advocacy system has a credible, effective and responsive national voice where required.</p>	Strengths	<p>History of individual organisations (and some collaborative work) providing credible and effective inputs into national advocacy around various reforms and issues.</p> <p>Roundtable members have expert working knowledge of consumer group, regional and jurisdictional issues.</p>	<p>ECA will provide a robust national voice for consumers, and seek to coalesce consumer voices on national issues.</p> <p>ECA will acknowledge and provide space for diverse consumer voices.</p>
	Needs	<p>Coordination of consultation to develop national policy positions, and preparation of submissions in response to emerging national energy issues and reform.</p> <p>Centrally accessible research to assist with preparation of individual submissions.</p> <p>Research and preparation of written submissions.</p>	

Principles		Existing Roundtable and broader consumer and welfare advocacy network	Proposed Functions of Energy Consumers Australia
The advocacy system ensures that necessary advocacy at a State/Territory level is supported.	Strengths	Strong track record of successful jurisdictional advocacy, high level policy and advocacy skills	<p>ECA will draw on and support the broader network of energy consumer advocates, including those representing jurisdictional and sectoral interests as well as those representing specific groups or consumer interests.</p> <p>ECA will facilitate the National Consumer Roundtable on Energy and actively participate in this forum. This will support jurisdictional and sectoral level advocacy through the sharing of information and advocacy strategies among consumer representatives.</p> <p>ECA Directors must come from at least 4 states/ territories at any one time.</p>
	Needs	Assistance in capturing the knowledge, research and policy work undertaken by individuals and organisations and making it available to the rest of the advocacy network. Coordination of the National Consumer Roundtable on Energy to facilitate sharing information and strategies.	
The advocacy system ensures that relevant local and State/Territory issues that impact on consumers and energy markets are available to national decision-makers through consumer advocacy.	Strengths	Strong track record of successful advocacy based on locality, consumer group or reform topic/technology. High level skills and organisational memory of various individuals working in existing advocacy organisations.	Through its ongoing and robust working relationships with the broader network of energy consumer advocates, ECA will identify priority consumer issues that should be addressed nationally.
	Needs	Lack of resources and/or mandate to drive local and state/territory based issues to national decision makers.	
The advocacy system includes or has effective access on technical issues, including engineering issues, regulatory economics and environmental issues.	Strengths	Some skills and knowledge in various organisations throughout the advocacy system	<p>ECA will employ a skilled staffing contingent, including those with expertise in law, economics and public policy.</p> <p>ECA has budgeted for, and will maintain, resources to be able to purchase technical knowledge through consultants, with particular relevance to economic regulation of networks and other technical areas.</p>
	Needs	Collection and publication of existing research work to make it available to all network advocates. Lack of (or patchy) ability to access high level technical resources to engage in major advocacy projects (such as Rule changes and distribution price re-sets)	

Principles		Existing Roundtable and broader consumer and welfare advocacy network	Proposed Functions of Energy Consumers Australia
<p>The advocacy system is efficient, effective and accountable:</p> <ul style="list-style-type: none"> <li>the advocacy system includes incentives and support for effective collaboration among advocates;</li> <li>the advocacy system has the capacity to generate, collate, store and retrieve relevant data and research; the advocacy system possesses a strong corporate memory.</li> </ul>	Strengths	Good level of formal collaboration through Roundtable, good level of informal collaboration on joint projects and submissions.	ECA will work to support locally based energy consumer advocates, including through facilitating the National Consumers Roundtable on Energy.
	Needs	Centrally available storage of research reports, submissions, advocacy tools, documents and data.	<p>ECA will maintain a clearing house of energy consumer advocacy resources, including research reports, submissions, advocacy tools and other documents and data. The information in this clearing house will be made easily available to other advocates.</p> <p>ECA will ensure the development of a strong corporate memory with respect to energy consumer advocacy, and won't only rely on individual consumer or welfare advocates and representatives.</p>

## 3 Stakeholder analysis and engagement

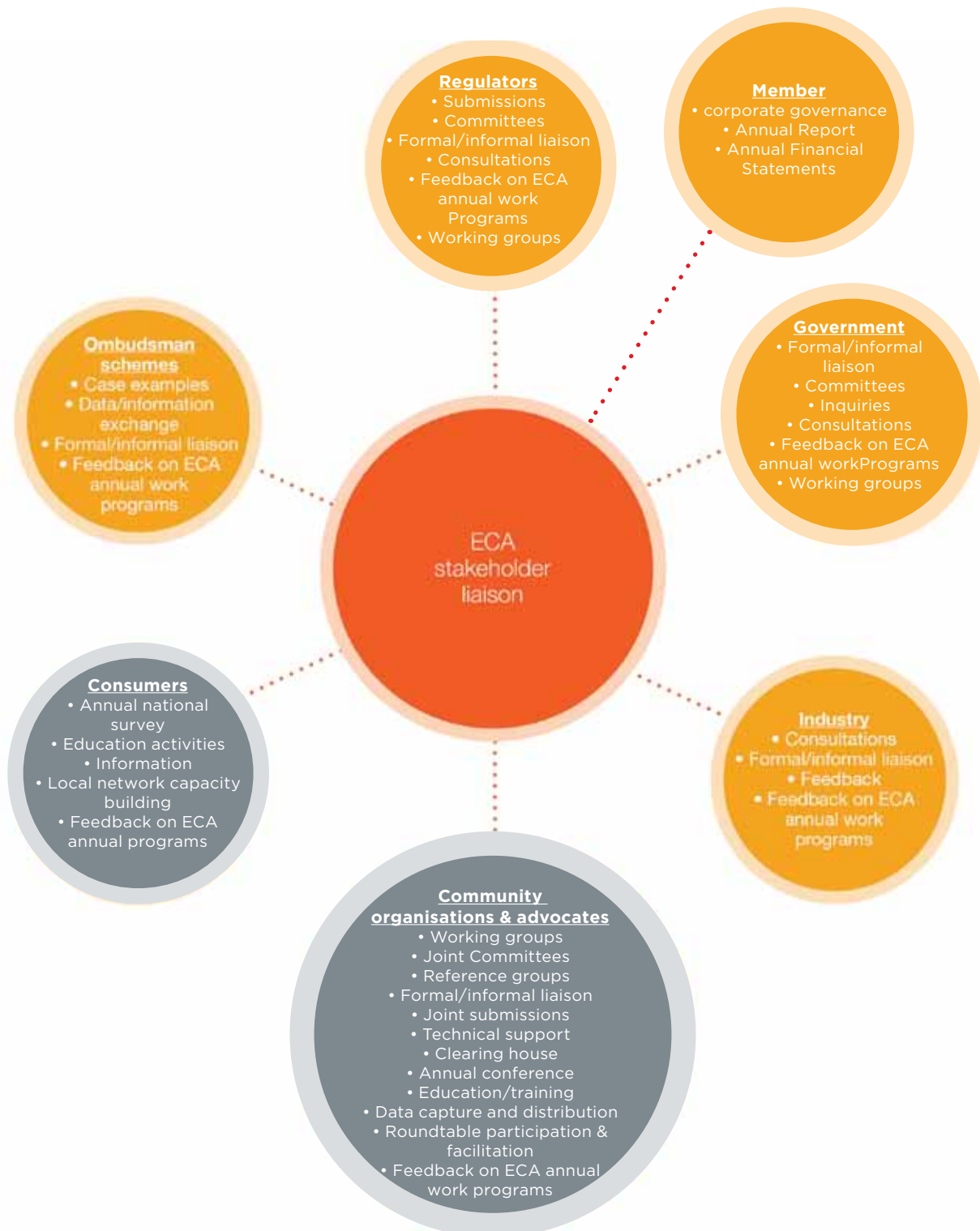
Key primary stakeholders of Energy Consumers Australia Ltd are:

- All Australian energy consumers
- Jurisdictional and sectoral energy consumer advocacy organisations;
- General consumer bodies (for information).

Other stakeholders include:

- Energy regulators such as:
  - » the Australian Energy Market Commission (AEMC);
  - » the Australian Energy Market Operator (AEMO);
  - » the Australian Energy Regulator (AER); and
  - » jurisdictional regulators.
- Commonwealth and State/Territory Governments;
- Industry at retail, network, transmission and generation levels; and
- Energy Ombudsman schemes.





### 3.1 COMMUNITY SECTOR AND CONSUMERS

ECA will primarily rely heavily on its links with state/territory-based consumer advocacy bodies to provide a strong foundation for identifying the key concerns and needs of consumers so they can guide the ECA responses to national energy policy and regulatory processes.

In return, ECA's work and resources will improve the quality and reach of these bodies' consumer-driven policy advice and input to decision-making processes.

To achieve this, ECA will maintain strong relationships with energy advocates representing a diverse range of consumers. Working groups, teleconferences and Roundtable meetings will enable open lines of communication through which emerging issues, gaps in representation, and opportunities for collaboration can be identified and used to guide ECA's shorter-term projects and its medium and long-term strategic direction.



ECA's collaboration with the advocacy network

Relationships with general consumer advocacy will be developed to facilitate two-way channels of communication with consumers and their advocates.

The ECA will establish its own consumer engagement and reference strategy, which includes facilitation of, and participation in, the National Energy Consumer Roundtable, and the formation of reference groups, and committees as needed.

### Annual national energy consumer survey

ECA will undertake and publish an annual national survey of energy consumers. This survey will ensure ECA is able to make accurate claims on consumer perceptions, attitudes, and experiences with respect to the provision of energy services. Importantly, the survey will help guide ECA's work and advocacy, by identifying the priority issues of concern to residential and small business consumers. The survey will also enable changes in consumer views and perceptions to be tracked over time, and provide some insight into the effectiveness of ECA's advocacy.

## 3.2 GOVERNMENT & REGULATORY

Relationships with key staff of regulatory authorities, government departments and ministerial offices will be developed to ensure that ECA not only engages in set processes, but also works proactively with key stakeholders to deliver well-researched and presented input on matters that impact on consumers' access to essential energy services. As a primary access point to consumer views and expert advice, ECA will provide added value and efficiency gains to government and regulatory stakeholders seeking consumer engagement and input.

## 3.3 INDUSTRY

ECA will engage with industry at a range of levels. Its key focus in this engagement will be to encourage best practice delivery of customer assistance, to capitalise on opportunities to place downward pressure on price and to improve service and compliance outcomes for consumers.

## 3.4 OMBUDSMAN SCHEMES

ECA will establish links with Australia's energy and water ombudsman schemes, drawing on the experience that these schemes have in identifying systemic problems with service delivery.

## 3.7 LETTERS OF SUPPORT

Letters of support are at Appendix D:

- Australian Energy Regulator (AER)
- Australian Energy Market Commission (AEMC)
- Australia and New Zealand Energy and Water Ombudsman Network (ANZEWO)

# 4 Activities and Priorities

## 4.1 KEY NATIONAL PRIORITIES

Through annual planning processes, the Board and staff of Energy Consumers Australia will identify key national priorities to guide its work plan.

The initial key national priorities will include:

Priority	Detail
<b>1.</b> Ongoing network price determinations by the Australian Energy Regulator (AER)	<p>Work is scheduled to be undertaken by the AER on the following price sets during 2012/13:</p> <ul style="list-style-type: none"> <li>• New South Wales (AusGrid, Endeavour Energy and Essential Energy) and the ACT (ActewAGL), for the five year period from 1 July 2014.</li> <li>• Victorian transmission network (SP AusNet) for the five year period from 1 April 2014;</li> <li>• New South Wales and Tasmanian networks (TransGrid and Transend respectively) for the five year period from 1 July 2014.</li> </ul> <p>Planning for distribution network price sets will also begin for South Australia, Queensland and Victoria from 2013.</p> <p>Engagement in the network price reset process would occur across the spectrum of the process—from direct with the network service provider prior to consideration by the AER; throughout the AER process; and through any appeals processes.</p> <p>ECA is also keen to explore mechanisms for engagement with, and education of, local communities at the beginning of the process. This is so communities can work with their electricity distributors right from the start of networks' consideration of what services they want to provide in each price review.</p>
<b>2.</b> National Energy Customer Framework (NECF)	<p>NECF is the national customer protection framework for the retail sale of electricity and gas to residential and small business customers. Following enactment of facilitating legislation, it has commenced from 1 July 2012 in the ACT and Tasmania. NSW, Victoria and SA will commence the NECF as soon as practicable (no later than 1 January 2014), while Qld is still considering application of the NECF.</p> <p>This means that advocacy will continue to be required:</p> <ul style="list-style-type: none"> <li>• in relation to existing jurisdictional retail regulation; and</li> <li>• to prepare for the transition for the NECF framework, including resolving outstanding issues.</li> </ul> <p>Monitoring compliance of the NECF will also be an ongoing priority for consumer advocacy—there will be a need to set a high expectation around compliance and enforcement.</p>

<p><b>3.</b> Rule changes and reviews undertaken by the Australian Energy Market Commission (AEMC)</p>	<p>There are numerous AEMC Rule changes and reviews that will benefit from more sustained national energy consumer advocacy. Currently these include:</p> <ul style="list-style-type: none"> <li>• the Economic Regulation of Network Service Providers Rule Change</li> <li>• the Power of Choice demand side participation review</li> <li>• the Review of Distribution Reliability Outcomes and Standards (NSW and national)</li> <li>• the Transmission Frameworks Review</li> </ul> <p>ECA will engage in these and other AEMC Rule changes and reviews, where processes would benefit from consumer engagement. ECA will contribute to and support engagement from energy consumer advocates.</p>
<p><b>4.</b> Government and/or Standing Council on Energy &amp; Resources (SCER) led reviews</p>	<p>There are a number of government and/or SCER led processes that require national energy consumer advocacy, including:</p> <ul style="list-style-type: none"> <li>• the finalisation of the Energy White Paper and its implementation</li> <li>• the Productivity Commission inquiry into electricity network regulation</li> <li>• the Review of the Limited Merits Review regime</li> <li>• the SCER Demand Side Participation Work Plan</li> <li>• the SCER Statement on Smart Meters for Small Customers</li> </ul> <p>ECA will provide key guidance for these and other reviews from a national energy consumer advocacy perspective.</p>
<p><b>5.</b> Stakeholder engagement</p>	<p>ECA will adopt a consumer engagement plan to maintain a close association and connection with consumers and their representatives.</p> <p>The consumer engagement plan will include facilitation of, and participation in, the National Consumers Roundtable on Energy, the establishment of issue-specific reference groups (including reference groups relating to small businesses) and an annual national survey of consumers.</p> <p>ECA will also maintain close working relationships with governments, regulators and ombudsmen (see Section 3 above), as well as representatives of the energy industry.</p>
<p><b>6.</b> Research and development of expertise</p>	<p>ECA will develop a research agenda in consultation with the broader network of energy consumer advocates, and other relevant parties.</p> <p>Research will particularly identify views and needs of small business consumers, so as to include these in the advocacy activities.</p>
<p><b>7.</b> Communication</p>	<p>ECA will develop a communications plan, including media and campaigns. This communications plan will form an important aspect of ECA's proactive advocacy agenda.</p> <p>Proactive advocacy promotes specific proposals for change to advance the interests of consumers. Those proposals are developed based on consumer research, and on the experiences of consumers and agencies that provide services to consumers. This type of advocacy can identify problems faced by consumers that may warrant government action.</p>

## 4.2 BROAD ACTIVITIES

Energy Consumers Australia's Activities are expressed broadly in Section 1.4 of this Plan and in Clause 4.2 of the ECA Constitution. A more detailed explanation of ECA's proposed activities is set out below:

### Activities

- Distribution price re-sets
  - » Deliver technical, legal, economic and regulatory expertise to engage in network and transmission distribution network price resets on behalf of residential and small-business consumers
  - » Use in-house and externally sourced skills to challenge proposals made by DNSPs and/or TNSPs where alternative practices could realise service or cost benefits to consumers
  - » Engage with local communities to build their capacity to engage/ negotiate directly with network businesses prior to network submissions to regulators
  - » Provide guidance and support for consumer organisations in the relevant jurisdictions in order to facilitate a critical mass of skilled consumer representation in reset processes
  - » Use repeated engagement with these processes to continuously improve capacity to further consumer interests in future resets and inform strategic approaches towards potential legal or regulatory reform.
- NECF preparation
  - » Be a repository of knowledge and skills to assist in providing advice to all levels of government on the NECF, energy consumer protections in non-NEM jurisdictions and jurisdictional derogations
  - » Use this knowledge to advocate for smooth implementation, best practice consumer protections and augmentation of the NECF as innovative energy-related services enter the market.
  - » Advocacy in relation to possible future developments around smart meters in the NECF
- Rule changes
  - » Take a long-term strategic approach to the development of Rules that facilitate the delivery of essential services in the long term interests of consumers, in keeping with the National Electricity Objectives.

- Market reviews
  - » In order to advance consumer interests, ECA will harness policy expertise, technical, economic, legal and regulatory skills to provide input into market reviews. This should allow consumer input that is of a similar quality to that on the supply side
  - » Use links with energy consumer advocates, and consumer advocates more broadly, to develop and put forward practical actions that have broad support and are capable of producing equitable outcomes for a diverse range of consumers.
- External communications
  - » ECA will have an important role in communicating publicly about energy issues relevant to consumers. This will involve synthesising often complex and technical material into summaries and communications that are simple enough to appeal to the public at large
  - » External communication will also involve providing information and advice to other community organisations that might have a tangential or indirect focus on consumer energy issues.
- Law reform
  - » ECA will actively engage in high-level processes that are guided by relevant law and policy. As such, it is ideally placed to identify strategic opportunities for reform that may produce outcomes that more closely align with the interests of consumers
  - » Reform may also be aimed at removing barriers to consumer participation in legal and quasi-legal processes, such as Merit Reviews or Rule Changes.
- Research
  - » The energy market is complex and, to date, related consumer research has been disparate and not always capable of providing a foundation for strategic policy goals. Similarly, the rapid evolution of the energy market also necessitates contemporary research that can test consumers' ability to respond to innovation and any resulting challenges or opportunities
  - » ECA will undertake and commission consumer-focused research that will enhance its ability to develop evidence-based policy, advice on program development and effectively targeted energy literacy campaigns.



- Service to consumers
  - » ECA will deal with direct consumer contacts by investigating the issues raised, mining necessary information for its advocacy, and then appropriately referring the consumer to a relevant body such as an Ombudsman or other state-based advocacy body.
  - » ECA will draw on data and analysis from jurisdictional and sectoral-focussed energy advocates, consumer advocates and consumer-driven organisations in order to amplify the voices of consumers in decision-making processes
  - » ECA will add value by synthesising consumer views into practical and deliverable policy recommendations as well as using the information it gathers from key consumer stakeholders to identify and allocate resources to opportunities for reform
- A clearing house
  - » ECA will serve as a repository for energy and relevant consumer research. Facilitated by a web-based portal, domestic and international research will be available publicly in one central site
  - » Additionally, in-house databases will facilitate the development of a nation-wide 'organisational memory' that does not currently exist. This will allow cross-jurisdictional comparison of energy policy, programs, consumer protections and assistance, allowing for the identification of best practice, training of advocates and building the capacity of advocates to engage effectively in cyclical processes.
- Consumer education and materials
  - » With a broad national focus, ECA is best placed to improve the energy literacy of consumers through the development of printed and electronic resources, campaigns and training modules
  - » An understanding of the ways in which various consumer segments access information will be used to design and develop resources, awareness campaigns and training modules that are best placed to assist consumers in the transition from buying energy as a generic product to making informed choices about contemporary energy products and efficient consumption.



# 5 Management Summary

## 5.1 BOARD

ECA Ltd will have 7 Directors, whose backgrounds must include:

- Chair: demonstrated understanding of the energy industry, consumer advocacy methodologies and significant corporate governance experience and qualifications
- Directors: expertise in areas of corporate governance and strategic planning and have a deep knowledge and understanding of issues affecting all residential and small business energy consumers.

To ensure national input, Directors must reside, or work in, at least 4 states and territories at any one time.

An independent Nominations Panel will be constituted from the Members as well as independent Panel members, to select and recommend the initial Directors for approval by the Members. This selection process will take place prior to ASIC approval of the Company, so that the inaugural Directors are ready to take up their roles as soon as the Company is approved. The independent Nominations Panel will put in place a fully transparent, fair and open process for the selection of Directors, who do not need to be Members of the Company. The process will be managed by an external recruiter.

## 5.2 ORGANISATIONAL STRUCTURE

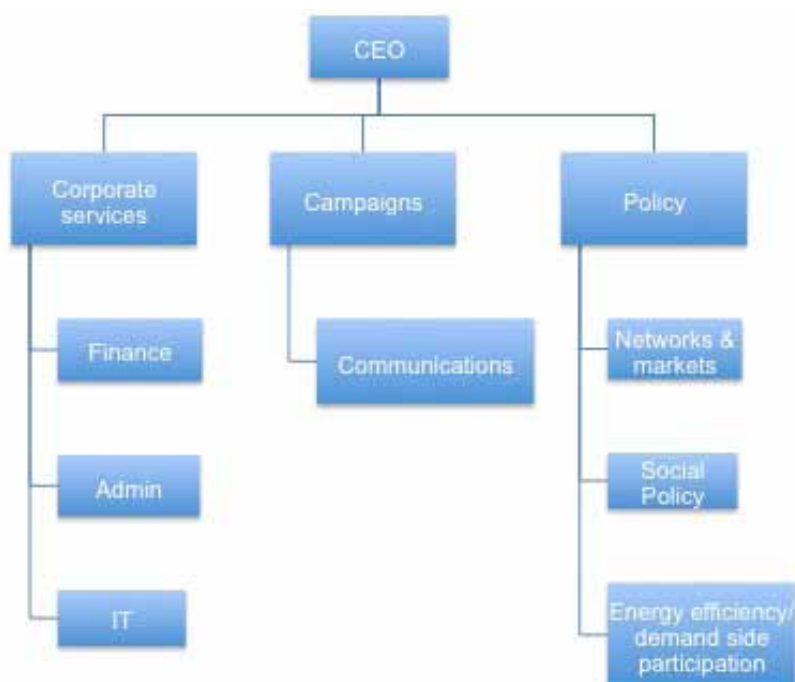
### Structure

ECA will maximise its efficiency through its staffing and structure. It will retain a relatively modest staff, whose expertise will span the key disciplines relevant to energy markets, policy and regulation, as well as external communication.

These staff will be supported by a strong management group and corporate services team.

ECA will engage contractors to provide particular technical and specialist expertise.

Broadly speaking, it is anticipated that ECA's staffing structure will appear as follows.



### 5.2.1. CHIEF EXECUTIVE OFFICER

The CEO will be responsible to the ECA Board for the strategic direction and overall management of the organisation. The CEO will work with a management team that covers corporate services, campaigns and policy.

The CEO's responsibilities will include:

- developing and pursuing the strategic direction of the organisation;
- controlling resources and being responsible for measurable results;
- identifying and maintaining important relationships with organisations and individuals;
- developing and implementing operational plans and policies;
- taking overall responsibility for the organisation's external communications; and
- managing ECA people and resources for best outcomes.

### 5.2.2 CORPORATE SERVICES

Corporate services will be provided by a small team, with a manager responsible to the CEO.

Its responsibilities will include:

- accounting and financial processes and systems;
- human resource management;
- IT management; and
- administration.

Other than the manager, the roles may not be full time. Finance is a hands-on book-keeping role, including payroll, possibly part-time. Administration includes reception and support to the campaigns and policy teams. The IT role may be out-sourced, with a basic level of IT experience in one of the other team members.

### 5.2.3 CAMPAIGNS

The campaigns manager will be responsible to the CEO.

The responsibilities of this group will include:

- developing innovative campaign and education strategies and opportunities;
- developing and implementing marketing, communications and media strategies;
- developing and managing coverage and discussion of the organisation's activities through social media such as Twitter and Facebook;
- preparing and distributing media releases, and supporting the organisation's capacity to make media statements by assisting staff to prepare for media interactions;
- responding to media enquiries for information and interviews and building the organisation's reputation as a reliable source of comment;
- managing the production of corporate materials such as newsletters, annual reports, brochures and website pages; and
- connecting to jurisdictional and sectoral based advocacy bodies to build co-ordinated campaign activities.

## 5.2.4 POLICY

The policy team will conduct much of the organisation's substantive work. It will need a range of expertise including law, economics and social science, drawing on the policy expertise and knowledge developed in the existing broader network, as well as its own policy skills. The policy manager might have 'generalist' expertise – that is, experience in one such discipline, but with management experience that allows this person to supervise across a range of areas. By contrast, the policy officers would have more specialised expertise, so that ECA has in-house skills to conduct research and engage consultants in relation to networks and markets and social policy.

The policy manager will be responsible to the CEO. The policy officers will report to the policy manager.

The responsibilities of this group will include:

- researching issues related to household energy supply to identify current and emerging issues;
- researching and developing policy positions to provide a basis for advocacy;
- identifying and differentiating interactions between energy and social policy and developing advocacy strategies and alliances to address these issues;
- responding to proposed regulatory changes;
- planning and managing specific projects to achieve outcomes consistent with strategic priorities;
- drafting submissions, reports and articles to communicate policy positions to decision makers and to the community; and
- engaging and working with external consultants on research and other projects involving specialist expertise.

## 5.3 Personnel Plan

ECA Ltd will have a staff of FTE 9.5.

The organisational positions are:

Position	FTE
CEO	1
Director Policy	1
Policy Officer Legal	1
Policy Officer Economics	1
Policy Officer General	1
Director Campaigns	1
Communications/web officer	1
Business Manager	1
Admin Payroll/Bookkeeping	0.5
Exec Support - Reception	1
<b>TOTAL</b>	<b>9.5</b>

# 6 Financial Plan

## 6.1 ESTABLISHMENT BUDGET

Please refer to Appendix B.

## 6.2 ANNUAL BUDGET

Please refer to Appendix B.

## 6.3 LONG-TERM PLAN

To enable an effective timeframe for establishment of ECA, a two year period is suggested, before any review of current national energy consumer advocacy arrangements is undertaken.

This will allow time for the centre to establish itself and the all-important relationships with state/ territory energy advocates and agencies. It is anticipated that two years would allow enough time for relationships and trust to build, forging a solid and comprehensive body of expertise and knowledge for the benefit of consumers.

It will also allow for some ECA expertise and experience to be developed in the previously little touched areas of network pricing, and gas.

The ECA Constitution makes provision for reviews and in particular a review after two years operation of the centre. The ECA Board is required to commission this independent review.

The Constitution requires that the review be independent from the ECA to ensure a genuinely impartial assessment of the ECA's strengths and weaknesses over the first two years.

## APPENDIX A

# Energy Consumers Australia Ltd Constitution

**Date** 17/10/2012

### **Constitution of Energy Consumers Australia Limited**

**ACN [insert]**

**Company Limited by Guarantee not having a Share Capital**

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## 1. DEFINITIONS AND INTERPRETATION

### 1.1 Definitions

In this Constitution:

**Act** means the *Corporations Act 2001* (Commonwealth).

**Annual General Meeting** means the annual general meeting of Members.

**Applicant** means a person or Organisation lodging an Application for membership under this Constitution.

**Application** means an application for Membership.

**Auditor** means the auditor or auditors of the Company.

**Board** means the board of directors of the Company, acting collectively under this Constitution.

**Business Day** means Monday to Friday excluding public holidays in Victoria.

**Casual vacancy** is a vacancy that occurs in the position of director of other office holder other than by way of the termination of that role through the expiry of the time the position was fixed for.

**Chairperson** means the Director who is elected to this office in accordance with clause 17.4.

**Company** means Energy Consumers Australia Limited as that name is amended from time to time.

**Constitution** means this Constitution, as amended from time to time.

**Deputy Chairperson** means the Director who is elected to this office in accordance with clause 17.4.

**Director** means a person who is, for the time being, a director of the Company.

**Directors** means more than one Director.

**Energy Advocacy** means activities outlined in 4.2 of this Constitution.

**Extraordinary Meeting** means a general meeting of Members other than an Annual General Meeting.

**General Meeting** means an Annual General Meeting or an Extraordinary Meeting of the Company.

**Legal Person** means a natural person (individual) or an Organisation.

**Member** means a Legal Person admitted to Membership in accordance with this Constitution, and whose name is entered in the Register as a Member of the Company.

**Membership** means membership of the Company.

**Objects** means the Objects for which the Company is established as set out in clause 4.

**Organisation** includes a body corporate, association, firm, partnership, or other unincorporated body.

**Reference Group** means any Reference Group or Groups constituted under clause 32.

**Register** means the register of Members kept in accordance with the Act.

**Registered Address** means the address of a Member shown in the Register.

**Registered Office** means the registered office of the Company.

**Secretary** means the Director who is elected to this office, during the term of that appointment, in accordance with clause 17.4.

**Special resolution** has the meaning given by the Act.

**Treasurer** means the Director who is elected to this office in accordance with clause 17.4.

**Voting Member** means a Member entitled to vote under this Constitution.

**Voting Membership** means that part of the Membership made up of Voting Members.

## 1.2 Interpretation Rules

In this Constitution, unless the context requires otherwise:

- 1.2.1 subject to clauses 1.2.2 and 1.2.3 below, words that are defined in state and commonwealth energy laws have the same meaning as in that statute;
- 1.2.2 energy includes electricity and gas; and
- 1.2.3 consumer means end users of energy services, including residential users of energy services and small business users of energy services, and includes rural and regional consumers, in their capacity as consumers.

## 1.3 General Interpretation

In this Constitution, unless the context requires otherwise:

- 1.3.1 a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of that person;
- 1.3.2 anything (including a right or obligation or concept) includes each part of it;

- 1.3.3 the word “agreement” includes an undertaking or other binding arrangement or understanding, whether or not in writing;
- 1.3.4 a statute includes regulations under it and consolidations, amendments, re-enactments or replacements of any of them;
- 1.3.5 this or any other document includes the document as varied or replaced regardless of any change in the identity of the parties;
- 1.3.6 a clause, schedule or appendix is a reference to a clause, schedule or appendix in or to this Constitution;
- 1.3.7 a word or phrase that is defined has the corresponding meaning in its other grammatical forms;
- 1.3.8 writing includes all modes of representing or reproducing words in a legible, permanent and visible form;
- 1.3.9 the singular includes the plural and vice versa;
- 1.3.10 a gender includes all other genders;
- 1.3.11 headings and sub-headings are inserted for ease of reference only and do not affect the interpretation of this Constitution; and
- 1.3.12 a reference to a Chapter, Part, Division, or section is a reference to a Chapter, Part, Division or section of the Act.

#### **1.4 Replaceable Rules Displaced**

Each of the provisions of the Act that would apply to the Company as a replaceable rule set out in the Corporations Act but for this clause, is expressly displaced and does not apply to the Company.

## **2. COMPANY LIMITED BY GUARANTEE**

### **2.1 Company limited by guarantee**

The Company is a company limited by guarantee and the liabilities of the Members are limited as provided in this Constitution.

### **2.2 Restriction on application of profits**

All profits (if any) and other income (including funding) and property of the Company must be applied in promoting the Objects and no part of them may be paid, directly or indirectly, by way of dividend, bonus or otherwise to any Member.

### **2.3 Certain payments allowed**

Clause 2.2 does not prevent the payment in good faith of reasonable and proper Remuneration to any officers and employees of the Company or other person in return for any service actually rendered to the Company.

**3. NAME OF THE COMPANY**

The name of the Company is Energy Consumers Australia Limited.

**4. OBJECTS, ACTIVITIES AND POWERS****4.1 Objects**

The Objects of the Company are to:

- 4.1.1 advance the interests of Australian residential and small business energy consumers, including vulnerable groups, through national advocacy;
- 4.1.2 promote secure access to affordable, reliable, safe, and environmentally sustainable energy services for all consumers;
- 4.1.3 develop and amplify a strong, coordinated voice for Australian consumers, through collaborative work with organisations engaging in energy consumer advocacy, and to represent and advocate on behalf of Australian consumers to Government, regulators and the energy industry;
- 4.1.4 facilitate access and disseminate information and tools to consumers, consumer representatives and consumer and welfare organisations;
- 4.1.5 identify and redress systemic disadvantage and market failure, to promote a fair energy market, recognising that energy is an essential service which contributes to wellbeing and the ability to participate in the economic and social mainstream, and recognising the important correlation between social and energy policy;
- 4.1.6 advocate on behalf of energy consumers on energy law and regulatory reform.

**4.2 Activities**

Without limiting the effect of clause 4.2.6, the Company will seek to achieve its Objects through the creation of a national energy advocacy centre which will:

- 4.2.1 advocate on behalf of Australian residential and small business consumers, to governments, regulators, and industry through:
  - 4.2.1.1 participation in regulatory and co-regulatory activities;
  - 4.2.1.2 contribution to the development of policy relevant to energy consumers;
  - 4.2.1.3 collaborative work with consumer and welfare organisations engaged in energy advocacy in each Australian state and territory, including consumer

organisations working to assist low income and vulnerable energy consumers.

- 4.2.2 conduct research on its own initiative and on issues identified by state/ territory based energy advocacy organisations;
- 4.2.3 contribute to the development of and compliance with industry codes, standards and guidelines for the energy industry; and to identify areas where industry and/or regulatory response is necessary;
- 4.2.4 facilitate forums, consultations and meetings to promote engagement and priority setting with consumer groups and representatives;
- 4.2.5 support, train and enhance the capacity and effectiveness of consumer representatives;
- 4.2.6 build and strengthen alliances that favour consumer interests;
- 4.2.7 engage in public discussion of energy issues, through media and campaigns;
- 4.2.8 establish and maintain a knowledge base of internal and external technical expertise and research;
- 4.2.9 keep adequate data on national energy consumer issues, for reporting purposes and to identify and redress issues which negatively impact energy consumers.

#### **4.3 Powers**

The Company may exercise all powers, rights and privileges as a natural person may do or exercise, for the purpose of furthering the Objects set out above.

### **5. LIABILITY OF MEMBERS**

The liability of each Member is limited to the amount specified in clause 39.2. Each Member undertakes to contribute to the Company's property if the Company is wound up while he or she is a Member or within one year after he or she ceases to be a Member, for payment of the Company's debts and liabilities contracted before he or she ceases to be a Member and of the costs, charges and expenses of winding up and for adjustment of the rights of the contributories among themselves, such amount as may be required, not exceeding an amount set out in 38.2.

### **6. NON-PROFIT**

#### **6.1 No payment or transfer to Members**

All of the income and property of the Company must be applied solely towards the promotion of the Objects of the Company as set out in this Constitution. No portion of it may be paid or transferred directly or indirectly by way of dividend, bonus or otherwise to the persons who at any time are or have been Members.

**6.2 Payments in good faith**

- 6.2.1 Notwithstanding clause 6.1 and subject to clauses 6.2.2 and 6.2.4, the Company may make payments in good faith of remuneration to any Member, officer or employee of the Company in return for any services rendered to the Company or for goods supplied in the ordinary and usual course of business.
- 6.2.2 The Company must not make any payment to a Director for services rendered by that Director to the Company unless the provision of those services has the prior consent of the Board, and the amount payable is approved by a resolution of the Board and is on reasonable commercial terms.
- 6.2.3 The Company must not make any payment to a Director in his or her capacity as an employee of the Company, in return for any services rendered by that employee to the Company, unless the terms of that employment have first been approved by a resolution of the Board.
- 6.2.4 The Company may pay interest on money borrowed from any Member and may pay reasonable and proper rent for premises let by a Member to the Company.
- 6.2.5 For the purposes of clause 6.2.4, any sum paid by a Member to the Company as a deposit, bond or other security for the payment of fees and charges levied under the Constitution does not constitute money borrowed from a Member.

**7. MEMBERSHIP****7.1 General**

- 7.1.1 The Members of the Company are such Legal Persons as the Board admits to Membership in accordance with this Constitution.
- 7.1.2 Legal Persons in the following categories will be eligible to be Members:
- 7.1.2.1 those who subscribe to the Objects of the Company;
  - 7.1.2.2 those who engage in energy advocacy activities as described in clause 4.2; and
  - 7.1.2.3 those that the Board considers would benefit the Company by becoming a member.
- 7.1.3 The Company may at any time determine other categories of persons who will be eligible to be Members.

**7.2 Classes of Members**

- 7.2.1 The Company consists of the following classes of Members:



7.2.1.1 Voting Members.

7.2.2 The Board, in its absolute discretion, may determine from time to time to admit a new class of Members .

### **7.3 Voting Members**

7.3.1 Each Voting Member is entitled to one vote at a General Meeting of the Company whether on a show of hands or on a poll.

7.3.2 Organisations:

7.3.2.1 whose Objects are not consistent with the Company's Objects; or

7.3.2.2 which do not engage in energy advocacy activities as defined in 4.2; or

7.3.2.3 that are party political or profit making in character; or

7.3.2.4 that are part of the energy industry,

as determined by the Board, are not eligible to become Voting Members of the Company.

### **7.4 Membership Not Transferable**

Membership may not be transferred to another Legal Person.

## **8. ADMISSION TO MEMBERSHIP**

### **8.1 Application and Assessment**

An Application must be made and lodged in the form prescribed by the Board.

### **8.2 Pre-condition to Membership**

A Legal Person is only entitled to become a Member if that person agrees to assume the liability to pay the amount specified in clause 38.

### **8.3 Admission**

8.3.1 The Board will consider and in its absolute discretion accept or reject any Application. The Board is not required to give any reasons for the rejection of an Application.

8.3.2 An Applicant will not become a Member until the name and address of the Applicant is entered in the Register.

**9. CESSATION OF MEMBERSHIP****9.1 Cessation of Membership**

Membership of the Company ceases if the Member:

- 9.1.1 resigns by giving 30 days written notice to the Company;
- 9.1.2 being a natural person, dies, becomes bankrupt, or enters into a scheme of arrangement with creditors;
- 9.1.3 being an Organisation, becomes subject to any form of insolvency or other administration, whether voluntary or otherwise, or a receiver or a receiver and manager is appointed over any of its property or it is the subject of an order by a court of competent jurisdiction directing the Organisation to be wound up; or
- 9.1.4 ceases to satisfy the criteria for admission to Membership.

**9.2 Surviving Liability**

Upon the expiration of the period of notice, the Member ceases to be a Member but remains liable for:

- 9.2.1 any moneys which may be owing to the Company; and
- 9.2.2 in the case of the Company being wound up within one year of the date on which the Member resigns from Membership, the relevant contribution under clause 38.

**10. EXPULSION OF MEMBER****10.1 Resolution**

Subject to clause 10.2, the Board, by a resolution passed by 75% of the Directors present and voting, may expel a Member or implement appropriate disciplinary action if the Member:

- 10.1.1 has committed a breach of any obligation or duty under this Constitution; or
- 10.1.2 has engaged in conduct detrimental to the interests of the Company and its Objects.

**10.2 Notice**

10.2.1 At least twenty-eight days before the meeting of the Board at which a resolution referred to in clause 10.1 is considered, the Member must be:

- 10.2.1.1 served notice of the meeting including the particulars of the alleged act, omission or conduct complained of and the intended resolution; and

10.2.1.2 given the opportunity to present in writing or orally (or both) at the meeting and before the passage of the resolution any explanation the Member thinks fit,

and the Board will take the explanation into consideration.

10.2.2 The Board will serve the Member with notice of any Board resolution made at the above meeting. If the Board resolves to expel the Member, that Member will cease to be a Member on the service of such notice.

### **10.3 Removal from the Register**

10.3.1 Where a Member is expelled from the Company, that Member's name must be removed from the Register.

10.3.2 Upon the removal of a Member's name from the Register:

10.3.2.1 the Member will forfeit all rights and privileges attaching to Membership and all rights which the Member may have against the Company arising out of the Membership; and

10.3.2.2 the Company will have no liability to such Member in respect of the removal from the Register.

## **11. REGISTER**

### **11.1 Register of Members**

The Company must keep and maintain the Register in accordance with the Act and otherwise as the Board determines.

### **11.2 Disputes**

Any dispute that arises in relation to the Register must be referred to the Board, whose decision will be final and binding on all Members.

## **12. GENERAL MEETINGS**

### **12.1 Annual General Meeting**

The Company must hold an Annual General Meeting in every calendar year within five months of the end of its financial year at the time and place determined by the Board.

### **12.2 Extraordinary Meeting**

The Board may convene an Extraordinary Meeting at such time and place as the Board thinks fit, but it must be convened in accordance with the Act. Voting Members may also request the Board to convene an Extraordinary Meeting, but the Board is only required to do so in accordance with the Act.

**13. NOTICE OF GENERAL MEETINGS****13.1 General**

The Board must give not less than 21 days' written notice of a General Meeting to the Voting Members, the Directors and the Auditor.

**13.2 Contents of Notice**

The notice referred to in clause 13.1 must specify the following information:

13.2.1 the place, the day and the hour of meeting (and if the meeting is to be held in two or more places, the technology that will be used to facilitate this);

13.2.2 the general nature of the meeting's business;

13.2.3 the details of any special resolutions to be proposed at the meeting; and

13.2.4 that Voting Members are entitled to appoint a proxy who may but does not have to be a Voting Member.

**13.3 Alteration of Procedure**

With the consent of all the Voting Members entitled to vote at some particular meeting, that meeting may be convened by such shorter notice and in such manner as the Voting Members may think fit provided that such action complies with the Act.

**13.4 Failure to Receive Notice**

The accidental omission to give notice of a meeting to any Voting Member or the non-receipt of such notice by any Voting Member does not invalidate any resolution passed at, or proceeding of, that meeting.

**14. PROCEEDINGS AT GENERAL MEETINGS****14.1 Business**

The ordinary business of an Annual General Meeting may include:

14.1.1 the consideration of the annual financial report, the Directors' report and the Auditor's report; and

14.1.2 the appointment of the Auditors and the fixing of the Auditor's remuneration.

**14.2 Quorum**

No business may be transacted at any General Meeting except the adjournment of the meeting unless a quorum is present. The quorum for a General Meeting is 60 per cent of the Voting Membership, present in person or by proxy.

**14.3 No Quorum**

If a quorum is not present within half an hour from the time appointed for a General Meeting:

- 14.3.1 if convened on the requisition of Voting Members, the meeting will be dissolved; and
- 14.3.2 in any other case, the meeting will be adjourned to the same day in the next week at the same time and place or at such other place as the Chairperson appoints. If at that adjourned meeting a quorum is not present within fifteen minutes from the time appointed for holding the meeting, the Voting Members present will be a quorum.

**14.4 Chairperson**

- 14.4.1 The Chairperson or in their absence, the Deputy Chairperson, will preside as chairperson at every General Meeting and has charge of the conduct of that meeting, including the procedures to be adopted and the application of those procedures at the meeting.
- 14.4.2 If at any General Meeting neither is present within fifteen minutes after the time appointed for holding the meeting or if neither is willing to preside, the Voting Members present will choose a Director to preside.

**14.5 Adjournment**

- 14.5.1 The Chairperson of a General Meeting at which a quorum is present may, with the consent of the Voting Members, and must, if so directed by the meeting, adjourn the meeting to another time or place (or both).
- 14.5.2 Only unfinished business may be transacted at any meeting resumed after an adjournment of a General Meeting.
- 14.5.3 Where a General Meeting is adjourned for one month or more, new notice of the adjourned meeting must be given.

**14.6 Show of Hands**

Every item of business submitted to a General Meeting will be decided in the first instance by a show of hands of the Voting Members personally present and entitled to vote. The Chairperson will not have a casting vote.

**14.7 Evidence of Resolution**

A declaration by the Chairperson that a resolution has been passed or lost (having regard to the majority required) and an entry to that effect in the books of the Company, signed by the Chairperson of that or the next succeeding meeting, will be conclusive evidence that the resolution has been passed or lost without proof of the number or proportion of the votes recorded in favour of or against the resolution.

**14.8 Poll**

- 14.8.1 The Chairperson or any Voting Member present personally or by proxy may demand a poll before or on the declaration of the result of a show of hands.
- 14.8.2 The poll will be taken in the manner and at the time and place as the Chairperson of the meeting directs, and either at once or after an interval or adjournment or otherwise.
- 14.8.3 The result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 14.8.4 The demand for a poll may be withdrawn.
- 14.8.5 If there is a dispute as to the admission or rejection of a vote, the Chairperson will finally determine that dispute.
- 14.8.6 At a poll, the Chairperson will not have a casting vote in addition.

**14.9 Demand for Poll**

The demand for a poll will not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. A poll demanded on any question of adjournment will be taken at the meeting and without adjournment.

**14.10 Auditor**

The Auditor is entitled:

- 14.10.1 to attend any General Meeting of the Company;
- 14.10.2 to receive all notices of and other communications relating to any General Meeting which a Voting Member is entitled to receive; and
- 14.10.3 to be heard at any General Meeting which the Auditor attends on any part of the business of the meeting which concerns the Auditor in that capacity and is entitled to be heard, despite the fact that the Auditor retires at that meeting or a resolution to remove the Auditor from office is passed at that meeting.

**15. APPOINTMENT OF PROXY****15.1 General**

- 15.1.1 Any Voting Member may appoint a Legal Person as a proxy to vote on the Voting Member's behalf and may direct the proxy to vote either for or against each or any resolution.
- 15.1.2 A proxy may but does not have to be a Voting Member.

**15.2 Instrument Appointing Proxy**

15.2.1 The Company must receive the instrument appointing a proxy (and an original or certified copy of the power of attorney, if any, under which it is signed) at:

15.2.1.1 the Registered Office; or

15.2.1.2 a fax number at the Registered Office; or

15.2.1.3 a place, fax number or electronic address specified for such purpose in the notice of meeting,

not less than forty-eight hours before the time for holding the meeting or adjourned meeting or poll at which the person named in the instrument is to vote.

15.2.2 Unless the contrary is stated on it, an instrument appointing a proxy is valid for any adjournment of the meeting to which it relates.

**16. FORM OF PROXY****16.1 Required Information**

An instrument appointing a proxy must contain the following information:

16.1.1 the Voting Member's name and address;

16.1.2 the Company name;

16.1.3 the proxy's name or the name of the office held by the proxy; and

16.1.4 the meetings at which the appointment may be used

and be signed by the appointor.

**16.2 Voting Instructions**

An instrument appointing a proxy may specify the way in which the proxy is to vote for a particular resolution and if so, the proxy is not entitled to vote on the resolution except as specified in the instrument.

**16.3 Authority**

An instrument appointing a proxy will be deemed to confer authority to demand or join in demanding a poll and will (except to the extent to which the proxy is specifically directed to vote for or against any proposal) include power to act generally at the meeting for the person giving the proxy.

**17. DIRECTORS****17.1 Number and Qualifications of Directors**

- 17.1.1 The number of Directors comprising the Board will be no less than 7 and no more than 12.
- 17.1.2 Directors must, at all times, reside or ordinarily work in, a minimum of 4 different Australian states or territories
- 17.1.3 A Director need not be a Member of the Company.
- 17.1.4 Subject to the maximum number of directors for the time being fixed under clause 17.1.1 not being exceeded, the Board, (by ordinary resolution) may appoint a person to be a director to fill any vacancy.

**17.2 Composition of Board**

The Directors appointed under clause 17.1 must include:

- (a) at least one Director who is a person with demonstrated understanding of the energy industry, consumer advocacy methodologies and significant corporate governance experience and qualifications; and
- (b) Directors who have expertise in areas of corporate governance and strategic planning and have a deep knowledge and understanding of issues affecting all residential and small business energy consumers.

**17.3 Term of Appointment**

- 17.3.1 No Director may hold office for a period of more than three years from their appointment to the Board. Upon expiry of a Director's term of appointment, the Director must retire from office but will be eligible for re-election.
- 17.3.2 At least:
  - 17.3.2.1 two Directors must be appointed for a term of one year;
  - 17.3.2.2 two Directors must be appointed for a term of two years; and
  - 17.3.2.3 three Directors must be appointed for a term of three years.
- 17.3.3 A Director may not serve more than three consecutive terms (of any period) on the Board but may be eligible to serve a further term or terms at a later date.



**17.4 Officers on the Board**

At the first meeting of the Board after:

17.4.1 the adoption of this Constitution; and

17.4.2 each Annual General Meeting,

the Directors will elect from among their number a Chairperson, a Deputy Chairperson and a Secretary, each of whom will hold office until the end of the next Annual General Meeting.

**18. ALTERNATE DIRECTORS****18.1 Appointment and terms of appointment**

18.1.1 If a Director wishes to appoint a person as an alternate, that Director must give notice to the Company detailing:

18.1.1.1 the name, experience and qualifications of the person;

18.1.1.2 the terms upon which the Director intends to appoint the person as an alternate, including whether the person is to exercise some or all of the powers of the Director and the proposed terms notified; and

18.1.1.3 whether or not the alternate is to get notice of each meeting the Director is entitled to attend.

18.1.2 The Board may ask for further information from the alternate in relation to the alternate's qualifications and experience.

18.1.3 If the alternate is a Director, the appointment will take effect immediately.

18.1.4 If the alternate is not a Director, at the first meeting of the Board after the notice of the proposed appointment has been received by the Board, the Board must consider the proposed appointment and either accept or reject the appointment. If the Board accepts the appointment of the alternate, the Director may appoint the person on the terms of appointment.

18.1.5 Where the alternate is not a Director, an appointment of a person as an alternate is not effective until a signed consent to the appointment is provided by that person to the Company. Accordingly, such an appointment will take effect on the later of the date of appointment and the date on which the Company received the signed consent.

18.1.6 An alternate is not an agent of the Director appointing the alternate.

**18.2 No liability**

The Company is not responsible for ensuring that the terms of appointment of an alternate are complied with and accordingly, is not liable if those terms are not complied with.

**18.3 Remuneration of alternate**

An alternate is not entitled to receive any fee (or other remuneration) from the Company for services performed as an alternate.

**18.4 Notice and attendance at Board meetings**

If the notice appointing the alternate provides that the alternate is to receive notice of Board meetings, the Company must provide each alternate with notice. By notice to the Company, the Director who appointed an alternate may at any time require that the notice cease to be given to the alternate. An alternate may not attend any board meeting at which the Director who appointed the alternate is present, except where the alternate is appointed by more than one Director and the alternate is attending that Board meeting in respect of a Director who is not present.]

**18.5 Voting of alternate**

An alternate is entitled to a vote for each Director that the alternate represents in addition to any vote the alternate may have as a Director in the alternate's own right.

**18.6 Termination of appointment of alternate**

18.6.1 A Director who appointed an alternate may terminate the appointment of the alternate at any time by notice to the alternate, the Directors and the Company.

18.6.2 An alternate may terminate the alternate's appointment at any time by notice to the Directors and the Company.

18.6.3 A termination of appointment does not take effect until the Company has received notice of termination.

**18.7 Cessation of appointment of alternate**

An alternate ceases to be an alternate if the person who appointed that alternate ceases to be a Director.

**19. CASUAL VACANCIES**

19.1 The Board may appoint a replacement Director to any casual vacancy arising in the office of a Director.

**20. CESSATION OF DIRECTORS**

20.1 The office of a Director will be vacated if:

- 20.1.1 the Director becomes bankrupt, insolvent under administration, or makes any arrangement or composition with his or her creditors or if being a director of a company which is a Member, a winding up order is made in respect of such company;
- 20.1.2 the Director is not permitted by the Act (or an order made under the Act) to be a director;
- 20.1.3 the Director becomes disqualified from acting as a Director under the Act;
- 20.1.4 the Director dies or becomes of unsound mind, or physically or mentally incapable of performing the functions of that office;
- 20.1.5 without leave of the Board, the Director is absent from meetings of the Board for three consecutive Board Meetings, unless the Board makes a resolution to the contrary;
- 20.1.6 by notice in writing to the Company, the Director resigns from office;
- 20.1.7 the Director ceases to hold office by reason of any order made under the Act;
- 20.1.8 the Director was appointed to the office for a specified period and that period expires;
- 20.1.9 the Director, in the opinion of the Board, demonstrates that they are not acting in the interests of, and in accordance with, the Objects of the Company.

## **21. POWERS OF THE BOARD**

- 21.1 The control and direction of the Company and the management of its property and affairs is vested in the Board.
- 21.2 The Board may exercise all powers of the Company that are not required to be exercised or done by the Company in General Meeting.

## **22. RESPONSIBILITIES OF THE BOARD**

- 22.1 Without limiting the responsibilities of the Board under the Act or any other applicable law or this Constitution, the responsibilities of the Board shall include:
  - 22.1.1 setting an annual work program for the Company, after consultation with stakeholders;
  - 22.1.2 representation by at least one Board member at Reference Group forums;
  - 22.1.3 developing the Company's strategic direction consistent with the Company's Objects and advocating these in discussions with regulators, government and the energy industry;

- 22.1.4 CEO appointment and performance management;
- 22.1.5 financial management, including receipt of an annual budget and business plan for approval;
- 22.1.6 commissioning independent reviews of the Company and developing proposals for its continued operation. All reviews will be conducted in consultation with interested parties, including groups representing energy consumers, and community and welfare groups representing public interest issues relevant to energy consumers. The first review will be conducted after the first two years of the Company's operations, with subsequent reviews every 5 years.

#### **22.1 Voting and attendance restrictions on Directors**

- 22.1.7 A Director who has a material interest in a matter that relates to the affairs of the Company must give other Directors notice of the interest in accordance with s191 of the Act.
- 22.1.8 Where a Director has a material personal interest in the outcome of a vote, the participation of that Director both in the vote and in the meeting at which the vote takes place shall be governed by the procedures set out in section 195 of the Act.

### **23. DIRECTORS' REMUNERATION**

#### **23.1 Remuneration of the directors**

In consultation with the Members and subject to Part 2E.1 of the Act, the Board may fix the remuneration of each Director and that remuneration may consist of sitting fees, salary, bonuses or any other elements (excluding dividends). The overall level of remuneration in any financial year must not exceed in aggregate such sum as may be determined by the Members.

### **24. BORROWING**

The Board may raise money in any manner it thinks fit including the borrowing of money on the security of the Company's assets and the issuing of a security for any other purpose.

### **25. INVESTMENT**

The Board may invest funds of the Company in any manner consistent with the Objects and for any period as it thinks fit.

### **26. NEGOTIABLE INSTRUMENTS**

All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company will be signed, drawn, accepted, endorsed or otherwise executed (as the case may be) for and on behalf of the Company, by two Directors or by one Director and some other officer authorised by the Board for that purpose or in any other manner as the Board may determine.

**27. PROCEEDINGS OF THE BOARD****27.1 General**

- 27.1.1 The Chairperson may at any time, and the Secretary must on request from the Chairperson, convene a Board meeting.
- 27.1.2 The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit.
- 27.1.3 The Board must meet at least four times a year.
- 27.1.4 The Board may at any time, and the Secretary will, on the request of the Chairperson or Deputy Chairperson convene a meeting of the Board by reasonable notice served upon each Director.
- 27.1.5 The accidental omission to give notice of a meeting to, or the non-receipt of a notice of meeting by, a Director will not invalidate proceedings at a Board meeting.
- 27.1.6 A quorum for meetings of the Board is four (4) of the Directors or such higher number as may be determined by the Board, one of whom must be the Chairperson or the Deputy Chairperson.
- 27.1.7 The Chairperson will be the chairperson of the Board and chair Board meetings. If the Chairperson is not present within fifteen minutes after the time appointed for holding that meeting (or being present is unwilling to act), the Deputy Chairperson will preside at the meeting. If the Deputy Chairperson is not present (or being present is unwilling to act) then the Directors present will choose one of their number to be the chairperson of the meeting.
- 27.1.8 Each Director present at any meeting of the Board will be entitled to one vote.
- 27.1.9 The Chairperson will have a casting vote.
- 27.1.10 A Director is treated as present at a meeting held by audio or audio-visual communication if the Director is able to hear and be heard by all others attending. If a meeting is held in another manner permitted by the Act, the Board must resolve the basis on which Directors are treated as present.
- 27.1.11 The Board may adjourn and, subject to this Constitution, otherwise regulate its meetings as it decides.

**27.2 Majority decisions**

- 27.2.1 A resolution of the Board must be passed by a majority of the votes cast by Directors entitled to vote on the resolution.

**27.3 Use of technology in conferencing**

27.3.1 Without limiting the discretion of the Board to regulate their meetings, the Board may, if it thinks fit, confer by radio, telephone, facsimile, computer, Internet, closed circuit television or other electronic means of audio or audio-visual communication. A resolution passed by such a conference will, notwithstanding that the Directors are not present together in one place at the time of the conference, be deemed to have been passed at a meeting of the Board held on the day and at the time the conference was held.

27.3.2 The provisions of this Constitution regulating the proceedings of the Board apply so far as they are capable to such conferences.

**27.4 Defects in Appointment**

An act done in good faith by any meeting of the Board, of any committee formed by the Board or by any person acting as a Director will not be invalidated by reason of:

27.4.1 any defect in the appointment or tenure of a Director or person acting on any such committee; or

27.4.2 the disqualification of any of them.

**28. MINUTES****28.1 Minutes to be kept**

The Board must cause:

28.1.1 proper minutes to be made of the proceedings and resolutions of all meetings of the Company, the Board and committees formed by the Board;

28.1.2 the minutes to be entered in books kept for that purpose; and

28.1.3 the minutes to be signed by the chair of the meeting or by the chair of the next meeting.

**28.2 Evidence of Proceedings and Resolutions**

A minute that is recorded and signed in accordance with clause 28.1.3 is evidence of the proceeding or resolution to which it relates, unless the contrary is proved.

**29. COMPANY SEALS****29.1 Common seal**

The Board:

(a) may decide whether or not the Company has a common seal; and

(b) is responsible for the safe custody of that seal (if any) and any duplicate seal it decides to adopt.

## **29.2 Use of seals**

The common seal and duplicate seal (if any) may only be used with the authority of the Board. The Board must not authorise the use of a seal that does not comply with the Act.

## **29.3 Fixing seals to documents**

The fixing of a Company seal to a document must be witnessed by two Directors or one Director and the Secretary.

# **30. CIRCULAR RESOLUTION**

## **30.1 General**

30.1.1 If all the Directors have signed a document containing a statement that they are in favour of a resolution of the Directors in terms set out in the document, a resolution in those terms will be deemed to have been passed at a meeting of the Board held on the day on which the resolution was signed and at that time at which the document was last signed by a Director or, if the Directors signed the document on different days, on the day on which, and at the time at which the document was last signed by a Director.

30.1.2 Any such resolution in writing may consist of several documents in identical terms, each signed by one or more Directors and must be entered in the relevant book of minutes of the Company.

## **30.2 Exclusion of Directors Not Entitled to Vote**

A reference in clause 30.1.1 to all Directors does not include a reference to a Director who, at a meeting of Directors, would not be entitled to vote on the resolution.

# **31. DELEGATION BY THE BOARD**

31.1 Subject to clause 31.2, the Board may delegate any of its powers to individual Directors or Voting Members or to committees, including the committees described in clause 32 consisting of such Directors or Voting Members or both as the Board thinks fit. Any individual or committee so formed must conform to any direction given to it by the Board in the execution of the delegated powers.

31.2 The Board may not delegate its power to delegate.

# **32. COMMITTEES AND GROUPS**

## **32.1 Board Committees and Groups**

32.1.1 The Board may in its absolute discretion establish committees, working groups, panels or groups as deemed necessary

including, for example and without limitation, a finance and audit committee or nominations committee.

32.1.2 Board Committees must have a majority of Directors, but the Board may at its discretion appoint expert advisors as needed.

### **32.2 Standing Committees/ Ad Hoc Committees/ Reference Groups**

The Company's Chief Executive Officer (CEO) may establish standing and/or ad hoc committees or reference groups to undertake specific identified tasks in accordance with the Objects of the Company. Each Committee or Group must have at least one Director on it.

### **32.3 Sitting Fees**

The Board may, at its discretion, pay sitting fees to Standing Committee/ Ad Hoc Committee/ Reference Group members. These sitting fees shall be fixed by the Board but shall not exceed such sum as may be determined by the Members. A Director is not entitled to any remuneration for work on Committees./Groups established under 32.2, over and above Directors remuneration as may already be paid under Clause 23.

### **32.4 Procedures for Board and Committees/ Groups**

The meetings and proceedings of any committee or working group established under 32.1 or 32.2. will be governed by the provisions of this Constitution for regulating the meetings and proceedings of the Board so far as applicable, except that the quorum at such committee or working group meetings is from time to time to be determined by the Board and so far as those provisions are not superseded by any other direction given by the Board. Terms of Reference will be drawn up by the CEO and approved by the Board for these Committees/ Groups.

## **33. REIMBURSEMENT OF EXPENSES**

The Board may authorise the payment of any expenses incurred by any Director or Member in connection with the performance of their duties to the Company.

## **34. ACCOUNTS**

### **34.1 Books of Account to be kept**

The Directors will cause to be kept proper books of account in which will be kept true and complete accounts of the affairs and transactions of the Company. Proper books will not be deemed to be kept unless the books give a true and fair view of the state of the Company's affairs and explain its transactions.

### **34.2 Location of Books of Account**

The books of account will be kept at the Registered Office or place or places as the Directors think fit and will be open to the inspection of the Directors during usual business hours.



**34.3 Financial reporting**

The Board must cause the Company to prepare a financial report and a Directors' report that comply with the Act and must report to the Members no later than four months after the end of the reporting period or the deadline set the Act (if earlier).

**35. AUDITOR**

The Board must cause the Company's financial report for each financial year to be audited and obtain an auditor's report.

The Company will observe the provisions of the Act in relation to the eligibility, appointment, removal, remuneration, rights and duties of the auditor (if any), and resignation of an Auditor.

**36. DUTY, TAXES AND CHARGES**

36.1 Each Member will be liable for all duty and any other taxes or charges payable in respect of the Application, the Membership and any other transaction or instrument or transaction relating to such.

36.2 Each Member indemnifies and will keep indemnified the Company in respect of all and any liability for duty, taxes or other charges referred to in the preceding clause.

**37. INDEMNITY****37.1 Definition of Liability and Officer**

In this clause 37:

37.1.1 Liability means costs, losses, liabilities and expenses.

37.1.2 Officer means a Director, secretary or other officer of the Company and includes a former Officer, but does not include an auditor or agent of the Company.

**37.2 Indemnity of Officers**

Every Officer must be indemnified out of the assets of the Company against any Liability incurred by that Officer in the person's capacity as an Officer by reason of any act or thing done or omitted to be done by that person in that capacity or in any way in the discharge of that person's duties or by reason of or relating to the person's status as an Officer, but excluding any Liability from or against which the Company is not permitted by the Corporations Act to exempt or indemnify the Officer.

**37.3 Indemnity for Proceedings**

Without limiting clause 37.2, every Officer must be indemnified out of the assets of the Company against any Liability incurred by that person in defending proceedings, whether civil or criminal, in respect of any act or thing done by the Officer in that person's capacity as such Officer but

excluding any Liability from or against which the Company is not permitted by the Corporations Act to exempt or indemnify the Officer.

#### **37.4 Insurance**

Subject to section 199B of the Act, the Company may enter into, and pay premiums on, a contract of insurance in respect of any person.

### **38. NOTICES**

38.1 The Company may serve notice on any Member either personally, or by sending it through the ordinary post to the Member's Registered Address, or by leaving it at the Registered Address in an envelope addressed to the Member or by sending it to the fax number or electronic address (if any) nominated by the Member.

38.2 A notice of meeting sent by fax or other electronic means is taken to be served on the Business Day after it is sent. Any notice sent by post is taken to be served three days after the day it is posted. In proving such service, it is sufficient to prove that the envelope containing the notice was properly addressed and deposited as a prepaid letter at the post office or in some postal receptacle.

38.3 A certificate in writing signed by the Secretary or any officer of the Company that the envelope containing the notice was properly stamped, addressed and posted will be conclusive evidence of the service of such notice.

38.4 If a specified period must pass after a notice is given before an action may be taken, neither the day on which the notice is given nor the day on which the action is to be taken may be counted in reckoning the period.

### **39. CONTRIBUTION ON WINDING-UP**

39.1 Every Member undertakes to contribute to the property of the Company if it is wound up:

39.1.1 while that person is a Member; or

39.1.2 within one year after that person ceases to be a Member;

in respect of the debts and liabilities of the Company contracted before that person ceases to be a Member, in respect of the costs, charges and expenses of winding-up and for the adjustment of the rights of the contributories among themselves.

39.2 The amount to be contributed by any Member will not exceed ten dollars.

### **40. DISTRIBUTION OF PROPERTY ON WINDING-UP**

40.1 If, upon the winding-up or dissolution of the Company after the satisfaction of all its debts and liabilities there remains any property, this property must not be paid to or distributed among the Members.

- 40.2 Instead, this property must be given or transferred to some other institution or institutions having:
- 40.2.1 objects similar to the Objects of the Company; and
  - 40.2.2 a Constitution which prohibits the distribution of its income and property among its members to an extent at least as great as is imposed on the Company under clause 6 of this Constitution.
- 40.3 This institution or institutions must be determined by:
- 40.3.1 a special resolution of the Voting Members at or before the time of dissolution; or
  - 40.3.2 if no such special resolution is passed, by a Judge of the Supreme Court or another court of competent jurisdiction.

## APPENDIX B

# Budgets

### ESTABLISHMENT BUDGET

#### BUDGET

ASIC Registration	\$757
Commercial Lease Legals	\$15,000
Broker - Lease	\$10,000
Office Fit Out	\$300,000
Recruitment fees	\$25,000
Reconnection of services	\$5,000
<b>Sub total</b>	<b>\$355,757</b>

#### Capital expenditure

Equipment	\$40,000
Furnishings	\$30,000
Computer/server	\$25,000
Cabling	\$5,000
Contingencies	\$20,000

<b>Total (rounded)</b>	<b>\$476,000</b>
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## NATIONAL ENERGY ADVOCACY ORGANISATION 3-YEAR OPERATING BUDGET

	Year 1	Year 2	Year 3
<b>REVENUE</b>			
<b>Funding</b>			
Grant	\$2,495,943	\$2,583,301	\$2,673,716
<b>Sitting fees</b>			
Sitting fees	\$0	\$0	\$0
<b>Sponsorship</b>			
Conference Sponsorship	60,000	62,100	64,274
<b>Conference Registration fees</b>			
Conference/Seminar	25,000	25,875	26,781
<b>Publication</b>			
Publication	0	0	0
<b>Interest income</b>			
Interest income	5,000	5,175	5,356
Sundry income	0	0	0
<b>Total - revenue</b>	<b>2,585,943</b>	<b>2,676,451</b>	<b>2,770,127</b>
<b>EXPENSE</b>			
<b>Banking &amp; finance</b>			
Accounting fees	5,000	5,175	5,356
Audit fees	13,000	13,455	13,926
Bank fees	1,000	1,035	1,071
Interest expense - hire purchase	0	0	0
<b>Operation costs</b>			
Books, journals & newspapers	5,000	5,175	5,356
Other meetings	0	0	0
Depreciation	101,000	109,000	118,000
Equipment <\$300	5,000	5,175	5,356
Insurance general	13,000	13,455	13,926
Legal fees	5,000	5,175	5,356
Office Supplies	13,000	13,455	13,926
Postage/Courier	6,000	6,210	6,427
Photocopier	9,000	9,315	9,641
Printing & Stationery	28,000	28,980	29,994
Repairs & Maint	1,500	1,553	1,607
Seminar & conference registration	15,000	15,525	16,068
Storage	0	0	0
Subscription & membership	10,000	10,350	10,712
Telecommunication & internet	36,000	37,260	38,564
Travel & accommodation	36,000	37,260	38,564
Misc.	13,000	13,455	13,926
<b>IT</b>			
Computer & network maint	3,000	3,105	3,214
Computer software and maint	10,000	10,350	10,712
Knowledge management sys maint	8,000	8,280	8,570
Web-site maint	4,000	4,140	4,285
Other IT related expense	3,000	3,105	3,214

	Year 1	Year 2	Year 3
<b>Campaigns</b>			
Marketing & promotions	26,000	26,910	27,852
Event & conferences	68,000	70,380	72,843
<b>Employment related costs</b>			
Wages	923,000	955,305	988,741
Superannuation	85,000	93,142	101,346
Payroll tax (NSW@5.45% above \$689,000)	13,000	13,455	13,926
Recruitment fees	13,000	13,455	13,926
Courses and training	31,000	32,085	33,208
Other employment related expense	5,000	5,175	5,356
Workers comp	3,443	3,563	3,688
<b>Building costs</b>			
Occupancy - Canberra	20,000	20,700	21,425
Head Office rent	82,500	85,388	88,376
Utilities/Other charges	18,000	18,630	19,282
Cleaning/Waste management	7,500	7,763	8,034
Security	1,000	1,035	1,071
<b>Misc.</b>			
2 year review			50,000
<b>External consultants</b>			
External/tech consultants	750,000	776,250	803,419
<b>Board/Committee expense</b>			
Access/Support service	2,000	2,070	2,142
Catering/Venue/AV	12,000	6,000	6,000
Board rem.	90,000	90,000	90,000
Occasional committee sitting fees	5,000	5,175	5,356
Travel and accommodation	57,000	29,000	29,000
Training - B & C	5,000	5,175	5,356
<b>Total - expense</b>	<b>2,560,943</b>	<b>2,620,643</b>	<b>2,768,119</b>
<b>OPERATING SURPLUS/ Deficit</b>	<b>25,000</b>	<b>55,808</b>	<b>2,007</b>
<b>CAPITAL Expenditure</b>			
Computers and IT	20,000	20,700	21,425
Furniture/Fit out	5,000	5,175	5,356
Depreciation Add-back	0	0	0
<b>NET SURPLUS / DEFICIT</b>	<b>0</b>	<b>29,933</b>	<b>-24,773</b>

## DEPRECIATION BUDGET

Budget item	Cost in budget	Depreciation		
		Year 1	Year 2	Year 3
Equipment <\$300	5,000	\$5,000	\$5,000	\$5,000
Computers and IT	20,000	\$7,000	\$7,000	\$7,000
Furniture/Fit out	5,000	\$1,000	\$1,000	\$1,000
Office Fit Out	\$300,000	\$60,000	\$60,000	\$60,000
Equipment	40000	\$13,000	\$13,000	\$13,000
Furnishings	30000	\$6,000	\$6,000	\$6,000
Computer/server	25000	\$8,000	\$8,000	\$8,000
Cabling	5000	\$1,000	\$1,000	\$1,000
Capital Expenditure in year 1	\$25,000	\$-	\$8,000	\$8,000
Capital Expenditure in year 2	\$25,875	\$-		\$9,000
<b>Total</b>		<b>\$101,000</b>	<b>\$109,000</b>	<b>\$118,000</b>

## APPENDIX C

# List of Roundtable participants

- Australian Capital Territory Council of Social Service
- Australian Council of Social Service
- Alternative Technology Association
- Brotherhood of St Laurence (Victoria)
- Centre for Credit and Consumer Law (Queensland)
- Consumer Action Law Centre (Victoria)
- Choice
- Council of Social Service of New South Wales (NCOSS)
- Consumer Utilities Advocacy Centre (Victoria)
- Ethnic Communities Council NSW
- Kildonan UnitingCare Child and Family Services (Victoria)
- Moreland Energy Foundation (Victoria)
- Public Interest Advocacy Centre (New South Wales)
- Queensland Consumers' Association
- Queensland Council of Social Service
- South Australian Council of Social Service
- St Vincent de Paul Society (Victoria)
- Tasmanian Council of Social Service
- Tenants Union of Victoria
- Total Environment Centre (New South Wales)
- Uniting Care Wesley Adelaide (South Australia)
- Victorian Council of Social Service
- Western Australian Council of Social Service.



## APPENDIX D

## Letters of support

**Australian Energy Market Commission**

Level 5, 201 Elizabeth Street Sydney NSW 2000  
PO Box A2449, Sydney South NSW 1235

P – 02 8296 7800  
F – 02 8296 7899  
E – [aemc@aemc.gov.au](mailto:aemc@aemc.gov.au)

ABN 49 236 270 144  
[www.aemc.gov.au](http://www.aemc.gov.au)

Our ref: 09F504 / 12-20826

17 September 2012

Fiona McLeod  
Director  
GPO Box 1334  
Melbourne Vic 3011

Dear Fiona

**National Consumer Advocacy**

I refer to our telephone conversation on 14 September 2012 regarding your work on behalf of consumer advocacy groups who are seeking to establish a national consumer advocacy body.

I confirm that the AEMC believes that residential and small commercial consumers are underrepresented in the rule change review processes conducted by the AEMC. It is generally our experience that these groups of consumers lack an effective voice that has the capacity to view market issues from a strategic perspective. The establishment of a national body that has the following characteristics would improve the quality of the stakeholder engagement processes conducted by the AEMC by better informing the AEMC's analysis and decisionmaking:

- good level of technical competence and access to specialists;
- ability to view market issues from a strategic perspective;
- understand the complex and interrelated nature of issues that affect the supply of energy;
- able to set priorities and focus its research and advocacy accordingly;
- able to access on-the-ground jurisdictional experience and knowledge; and
- able to inform and educate consumers on energy issues.

To date the AEMC's stakeholder engagement has been dominated by industry, large consumers, regulatory bodies and government. The addition of an effective residential and small commercial voice will provide complete coverage.

Happy to discuss further.

Yours sincerely

Steven Graham  
Chief Executive

October 2012



Our Ref:  
Your Ref:  
Contact Officer: Angela Bourke

26 September 2012

Ms Fiona McLeod  
Facilitator  
National Energy Advocacy Body Project  
GPO Box 1334  
Melbourne VIC 3001

Dear Ms McLeod

**National energy consumer advocacy**

I refer to our recent discussions around your project to develop a proposal for a national energy customer advocacy body. The AER considers that the transition to a national framework for the regulation of the Australian retail energy market and initiatives to increase consumer engagement in network revenue regulatory processes highlight a greater need for national energy advocacy work. We are of the view that further action and work is required to ensure that the views of all energy customers are represented effectively in this new regulatory environment and to ensure that the impacts upon customers are appropriately considered and reflected in decision-making.

To date, the interests of residential and small business consumers have not been well-represented in policy development conducted by the Australian Energy Market Commission (AEMC), nor have those groups been able to effectively participate in the development of guidelines by the AER related to its economic regulatory functions. This, in our view, reflects the challenges that representatives of those consumers face in having the human and financial resources, as well as the technical capacity, to engage in this complex and often fast-moving space.

We have identified a number of key areas in the near future where a national approach to energy advocacy would be highly beneficial. These include:

- Contributions to reviews of national rule change processes. In the short-term critical reviews include the AEMC's review into the economic regulation of network service providers and its 'Power of Choice' review. Over the longer-term, and with adoption of the National Energy Customer Framework in each jurisdiction, reviews into changes

proposed to the National Energy Retail Rules will require strong consumer engagement and advocacy.

- The AER's own Guideline development work program, to commence in late-2012, which will set out how the new economic regulatory framework for network businesses will be implemented and operate for the next round of regulatory determinations. This will cover highly technical and complex areas such as setting the rate of return for network businesses; dealing with capital expenditure overspends and the development of appropriate incentives; setting levels of efficient capital and operating expenditure; as well as guidance on how network businesses should engage with their customers and community representatives in developing their spending proposals.
- Detailed engagement with network businesses and the AER in the development and assessment of businesses' spending proposals as part of the distribution determination or access arrangement review process. Again this will require engagement on highly technical and complex areas of revenue and pricing proposals put forward by businesses, including the balance between changes in expenditure and service delivery.

The AER has benefited from the existing strong and diverse consumer advocacy voice, especially through the development of the National Energy Customer Framework and the AER Guidelines that underpin our roles under the Framework.

However, some of the key areas of focus identified above have not been fully addressed under the current jurisdictional-based advocacy arrangements. These will be of critical importance going forwards and are likely to require input and engagement from a stronger national energy advocacy voice from early 2013.

Please don't hesitate to contact me should you wish to discuss this further.

Yours sincerely

  
Andrew Reeves  
Chair  
Australian Energy Regulator

October 2012



18 October 2012

Ms Fiona McLeod  
Facilitator  
National Energy Advocacy Body Project

Dear Fiona

**National energy consumer advocacy**

The members of the Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON) are pleased to support the establishment of a national consumer advocacy body in the energy area.

We are aware that there are some strong and active consumer groups at a state level, but there has not been a dedicated national consumer voice for energy issues at a critical time when we are moving to a national consumer protection framework to complement the national energy market.

It is essential that the consumer voice is heard in consultations and discussions about energy policy in Australia, especially as many aspects of energy policy impact significantly on consumers, particularly low income and vulnerable consumers.

A national consumer body will be able to develop expertise and understanding of energy issues, and strongly represent the position of consumers, including low income and vulnerable consumers, to balance that of industry, business, government and other stakeholders.

Yours sincerely

Clare Petre, Energy & Water Ombudsman NSW, on behalf of  
Cynthia Gebert, Energy & Water Ombudsman Victoria  
Forbes Smith, Energy & Water Ombudsman Queensland  
Chris Field, Energy & Water Ombudsman Western Australia  
Leon Atkinson-MacEwen, Energy Ombudsman Tasmania

## APPENDIX E

# ECA Implementation Plan

Commencement date (unknown) awaiting COAG decision.

Energy Consumers Australia Ltd is aiming for a 1 July 2013 opening.

## Month 1

- COAG decision finalised
- Start up funding received by three Members
- ECA's three Members meet to commence ASIC processes for creation of Energy Consumers Australia Ltd
- ECA's three Members form independent Board Nominations Committee with external representation and engage external recruiter, to select inaugural Directors and Chair

## Month 2

- Directors and Chair selection completed
- ASIC approval obtained
- CEO recruitment by inaugural Directors through external recruiter
- Year one of approved three year Operating funding received
- First ECA Budget approved by Directors
- Continue discussions with ACCAN about possible co-location

## Month 3

- CEO commencement and ECA staff recruitment
- CEO begins to find premises, engage real estate broker
- Board training

## Month 4

- ECA staff recruited and contracts signed
- Sign commercial lease
- Begin office fit out
- Staff training
- First staff and team meetings
- Board and staff commence Strategic Plan and Annual Work Program
- KPIs and operational work plans developed

## Month 5

- Develop and refine consumer engagement and reference strategy, (which includes facilitation of, and participation in, the National Energy Consumer Roundtable), and the formation of reference groups, and committees as needed

## Month 6

- Launch of Energy Consumers Australia (ECA) Ltd

