

Ministerial Council on Energy

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Arrangements for Consumer Advocacy in the Energy Sector

As foreshadowed in the Ministerial Council on Energy (MCE) Communiqué dated 4 November 2005, the MCE will implement new arrangements to strengthen consumer advocacy across the entire energy sector.

The MCE has decided that consumer advocacy arrangements for both gas and electricity users should be dealt with by a single body. The long term model for consumer advocacy will comprise a new independent Panel which has the capacity to allocate funding for the purpose of energy end user advocacy, with a particular focus on small to medium consumers. In addition to providing grants, the Panel will be able to commission research on matters of concern to consumers. The Panel will publish the results of research it commissions and funds and will report on the outcomes of funded activities.

The new Panel will be accountable to the Australian Energy Market Commission (AEMC) with the MCE responsible for appointment of Panel members and approval of grant allocation guidelines. Panel members will be selected on the basis of their technical expertise rather than sectoral representation.

The MCE has decided that the most appropriate way to implement this model is by giving the body a legislative basis. In order for the new advocacy arrangements to deal with both gas and electricity, and to enable clear and transparent governance and accountability mechanisms, legislative amendments are necessary to implement the new model. This will include amendments to the National Electricity Law and National Gas Law, which will be progressed in the first half of 2006. These amendments will take effect from 1 January 2007.

To improve the accountability and governance of the existing National Consumers Electricity Advocacy Panel (NCEAP), the MCE will immediately request the AEMC to amend the National Electricity Rules as an interim measure prior to the commencement of the new arrangements. This timeframe is to ensure continuity of advocacy funding beyond 30 June 2006. The Rule change would enable the AEMC to appoint the NCEAP in consultation with the MCE and approve both the NCEAP's funding allocation guidelines and its budget. Consistent with the long term model, NCEAP members would be appointed on the basis of their expertise. The Rule change will also enable funding for advocacy purposes to be available until the long term arrangements come into force.

In light of the future arrangements for advocacy, the AEMC will be tasked with ensuring appropriate provisions are made for a seamless transfer between current and future arrangements.

MCE Standing Committee of Officials
15 December 2005