

11 November 2016

Stakeholder Engagement Framework Review
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

By email: SEFreview@aer.gov.au



Dear Sir/Madam,

Review of the Australian Energy Regulator's Stakeholder Engagement Framework

The Public Interest Advocacy Centre (PIAC) thanks the Australian Energy Regulator (AER) for the opportunity to provide preliminary feedback on its review of the AER Stakeholder Engagement Framework. PIAC commends the AER on its comprehensive and inclusive approach to engaging with consumer advocates.

The AER developed the framework in 2013 with a commitment to review it every three years. This is the first review to take place.

The Framework guides the AER's engagement with stakeholders including consumers, consumer advocates, energy businesses and government. It sets out the principles the AER will adhere to when it plans and carries out engagement activities, so that the views and interests of stakeholders are consistently and meaningfully considered, and that our stakeholders know this to be the case.¹

These principles are:

- Clear, accurate and timely communication
- Accessible and inclusive
- Transparent
- Measureable.²

PIAC considers the Framework is essential in providing a pathway through which consumers can be heard in regulatory decision making. As a consumer advocate, PIAC has been involved in numerous AER activities over many years. These include regulatory reviews of network pricing proposals, development of industry guidelines and frameworks such as the Sustainable Payments Plan Framework, as well as representing consumers on the AER's Consumer Consultative Group (CCG).

Reviewing the Framework

In PIAC's submission to the draft Stakeholder Engagement Framework in 2013, we noted:

If the AER engages with its stakeholders in a way that gives full effect to the draft framework, PIAC is confident that energy consumers will have a greater understanding of, and ability to influence, energy regulation within the National Energy Market (NEM).³

¹ AER, Review of the AER's Stakeholder Engagement Framework, 2016, 5.

² AER, Review of the AER's Stakeholder Engagement Framework, 2016, p.8.

³ PIAC, *Submission to the Draft Australian Energy Regulator Stakeholder Engagement Framework*, 2013.

PIAC considers that it is vital for the review to undertake an analysis of the way the AER has implemented the Framework. In our view, one measure of whether the Framework is operating effectively if analysis shows that energy consumers have a greater understanding of, and ability to influence, energy regulation within the National Energy Market (NEM).⁴

In this review, PIAC recommends that the AER analyse the Framework to highlight any gaps in current engagement methods and prompt stakeholders to reflect on their experiences. PIAC considers this will ensure that consumers and consumer advocates are adequately engaged and can play an influential role in the AER's activities.

PIAC is pleased to see improved stakeholder satisfaction results in the 2016 AER's stakeholder survey.⁵ This is one measure that indicates that the Framework is delivering valuable outcomes for stakeholders, including consumers. PIAC would like to see a breakdown of these results by stakeholder group to provide insight into consumers' perspectives on engagement in energy regulation.

Proactive consumer engagement principle

PIAC recommended the inclusion of a proactive consumer engagement principle when the AER consulted on its draft Stakeholder Engagement Framework in 2013.⁶ PIAC notes that the current Framework includes proactive engagement under the 'accessible and inclusive' principle. This includes the AER's commitment to identify and seek out relevant stakeholders affected by its activities, and to assist stakeholders to engage meaningfully.

While PIAC is pleased that the AER has integrated proactive engagement into the Framework, we consider that proactive consumer engagement needs to be elevated as a key principle of the Framework. Not all stakeholders have the resources to monitor upcoming consultations, particularly as rules and regulations rapidly evolve. Consumer advocates and community welfare organisations generally have limited capacity to engage in complex consultation processes and would benefit from proactive information in order to provide meaningful and constructive feedback.

PIAC recommends that the AER amend the Framework to include a separate principle supporting proactive consumer engagement. If stronger emphasis is placed on proactive consumer engagement, then the intended outcomes of accessibility and inclusion will be more effective.

Once again, PIAC would like to acknowledge the AER's commitment to stakeholder engagement and the positive progress made in recent years. PIAC would like to thank the AER for developing this important Framework and we look forward to working with the AER on its review. If you require further information, please contact Jessica Mutton on the details below.

Yours faithfully



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⁴ PIAC, *Submission to the Draft Australian Energy Regulator Stakeholder Engagement Framework*, 2013.

⁵ AER, *Stakeholder Survey*, 2016.

⁶ Above n3.