

13 May 2020

Department of Industry, Science, Energy and Resources  
GPO 2013, Canberra, ACT, 2601



Dear Sir or Madam,

### **Submission to submission to Independent review of the Energy Security Board**

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

PIAC welcomes the opportunity to respond to the independent review of the Energy Security Board (ESB). PIAC has engaged in numerous processes conducted by the ESB including through lodging submissions, participating in public forums, contributing on Technical Working Groups and through bilateral meetings with ESB members and staff.

#### **The role of the ESB**

In PIAC's view, the review of the ESB should focus on its outcomes and the impact it has achieved rather than on how closely it has followed the processes anticipated when the ESB was established.

The role of the ESB has evolved since its inception due to the challenges facing the National Electricity Market (NEM). As a result, the ESB has taken on a more strategic, coordinating role in examining these issues and developing reforms to address them. The ESB's expanded remit and responsibilities could be thought of as a natural outworking of the implementation and development of the Finkel recommendations.

The strategic and coordinating role of the ESB has helped provide Ministers with confidence, enabling market institutions to get on with regulating, planning and operating the NEM, in turn giving industry more certainty to invest and participate in the energy system and markets. This helps to deliver good consumer outcomes by reducing or removing risk that is otherwise ultimately borne by consumers as higher cost and/or less reliable energy supply.

#### **The ESB's consultation in conducting its work**

An important tool for the ESB to achieve good policy outcomes and to provide certainty to stakeholders is to engage in public and transparent consultation.

PIAC has participated in many ESB processes, and strongly encourages the ESB to continue to improve its consultation and engagement in its processes. This could be done by building in better opportunities both for public and targeted consultation (for stakeholders to prepare feedback on proposals as well as for the ESB to consider and respond to this feedback) and by conducting them in a more deliberative manner. This would

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better facilitate the two-way flow of ideas and suggestions rather than just the one-way flow of information supplemented with questions and answers.

### **Consultation in conducting the review**

PIAC supports the explicit requirement for the Independent Reviewer to consult with key stakeholders in preparing its draft and final reports. However, PIAC seeks to clarify two of the categories listed.

The draft ToR lists “Industry stakeholders (Retailers, Generators, network businesses); and Industry participants including consumer bodies (Energy Consumers Australia, Australian Energy Council, etc.).”

Consumers and consumer groups are not part of the energy ‘Industry’ per se, and Energy Consumers Australia is one of several key energy consumer advocates that engage with the ESB. Noting also that the work of the ESB ultimately supports the long term interests of consumers, PIAC recommends the ToR be amended to require the consultant to consult with:

- Industry stakeholders (Retailers, Generators, network businesses and peak bodies such as the Australian Energy Council)
- Consumer stakeholders (consumer advocates, members of the National Consumer Roundtable on Energy, Energy Consumers Australia, etc.)

### **Continued engagement**

PIAC would welcome the opportunity to meet with the Independent Reviewer and other stakeholders to discuss these issues in more depth.

Yours sincerely,

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