



THE
INSIGHT
CENTRE

Australian Energy Market Commission Stakeholder Perception Report

SUMMARY REPORT

The Insight Centre

June 2023

Report Summary

This report details the results of research undertaken with AEMC stakeholders in May and June 2023. It is based on qualitative interviews with 30 stakeholders and an online survey of 64 stakeholders across four segments.

Core metrics

AEMC has a strong reputation among its stakeholder base. **Nearly 60%** of survey participants **rated their overall satisfaction with AEMC at 7 or higher (out of 10)**.

Government and market body segment stakeholders tend to be the **strongest advocates** of AEMC.

88% felt the AEMC's reputation had remained stable or improved over the past 12 months.

Strengths & positives

Stakeholders rate AEMC highly on **proactive consultation and engagement**. AEMC leadership is held in high regard. Staff are considered approachable, accessible and effective. Stakeholders feel AEMC has become **more collaborative and open over time** and demonstrates good governance and accountability.

Issues & opportunities

Stakeholders perceive an increasing **lack of clarity around the roles of the market bodies** and there are concerns AEMC may be losing influence as an independent rule maker and advisory body. There is a perception that AEMC takes at times an overly theoretical approach and should be **more pragmatic and more decisive** in some contexts.

A wind turbine is shown in the lower right quadrant of the image, its three blades extending upwards and outwards. The background is a dark, starry night sky with the Milky Way galaxy visible as a bright, colorful band of stars and dust stretching across the lower right portion of the frame. The overall scene is a blend of modern technology and natural beauty.

Objectives and method

Report objectives

To determine what stakeholders think, feel and know about AEMC

To measure levels and drivers of satisfaction and trust for AEMC

To determine if and why stakeholders feel informed and consulted

To determine if and why stakeholders feel AEMC is approachable and accessible

To determine the effectiveness of AEMC's strategic approach

Method and approach

This stakeholder research included **27 in-depth qualitative interviews** with **30 senior leaders** as well as an **online survey** with **64 participants**. Research was undertaken with AEMC stakeholders between May and June 2023.

Interview scripts, priority stakeholder lists and a survey instrument were developed in consultation with AEMC staff during a research co-design workshop in April 2023.

Stakeholder organisations included **four segments**: government and market bodies, industry and market participants, consumer representatives/advocates and researchers and innovators. Stakeholder names and organisations have been anonymised in some instances at the request of participants.

Key strategic findings are drawn from a **triangulation of the qualitative and quantitative datasets**. Lower response rates in the survey for some segments mean results for these segments need to be read with caution and considered alongside the qualitative thematic analysis.

Segment	Survey n	Interviews n
Government & market bodies	15	8
Industry & market participants	33	17
Researchers & innovators	11	2
Consumer representatives	5	3
Total	64	30

Key findings



Key stakeholder perception metrics

58%

Overall satisfaction

Satisfaction is measured as the proportion of surveyed stakeholders who gave a rating of 7 or more out of 10 in overall satisfaction with the AEMC where 0 represents 'very unsatisfied' and 10 is 'very satisfied'.

88%

Reputation trend

Reputation trend is measured as the proportion of surveyed stakeholders who indicated that the AEMC's reputation has stayed stable or improved over the last 12 months.

61%

Trust

Trust is measured as the proportion of surveyed stakeholders who gave a rating of 7 or more out of 10 where 0 represents 'very poor levels of trust' and 10 'excellent levels of trust'.

58%

Advocacy

Advocacy is measured as the proportion who rated the likelihood of speaking well of the AEMC to a peer or colleague as 7 or more out of 10 where 0 represents 'extremely unlikely' and 10 'extremely likely'.

68%

Performance to expectations

Performance to expectations is measured as the proportion of surveyed stakeholders who have indicated that the AEMC's performance equals or exceeds their expectations.

Snapshots by segment

Government & market bodies

Strengths & positives

High levels of trust in the AEMC and high value seen in the AEMC's collaborative approach.

Issues & opportunities

AEMC's approach is sometimes perceived as overly 'purist' or 'rationalist'. Perception that the relationships between market bodies at the staff level can be further improved.



Industry & market participants

Strengths & positives

Overall good levels of trust and satisfaction; value placed on AEMC's high quality of communication and advice.

Issues & opportunities

Would like increased focus on market intelligence. Feel AEMC can be more decisive in advice to government and stronger in its distinct role as the independent rule maker.



Researchers & innovators

Strengths & positives

AEMC seen as approachable, open to sharing knowledge and genuinely consultative and curious about researcher and innovator perspectives.

Issues & opportunities

AEMC's role seen as reactive by default rather than proactive and thus limited in capacity to drive change, including in the energy transition.



Consumer representatives

Strengths & positives

Relationship with the AEMC seen as productive, open and reciprocal. Appreciate the AEMC's proactive approach to feedback and improved access to staff and decision makers.




Issues & opportunities

Feel equity and direct dialogue with consumers should be more central. AEMC should increase "forward-looking market intelligence".



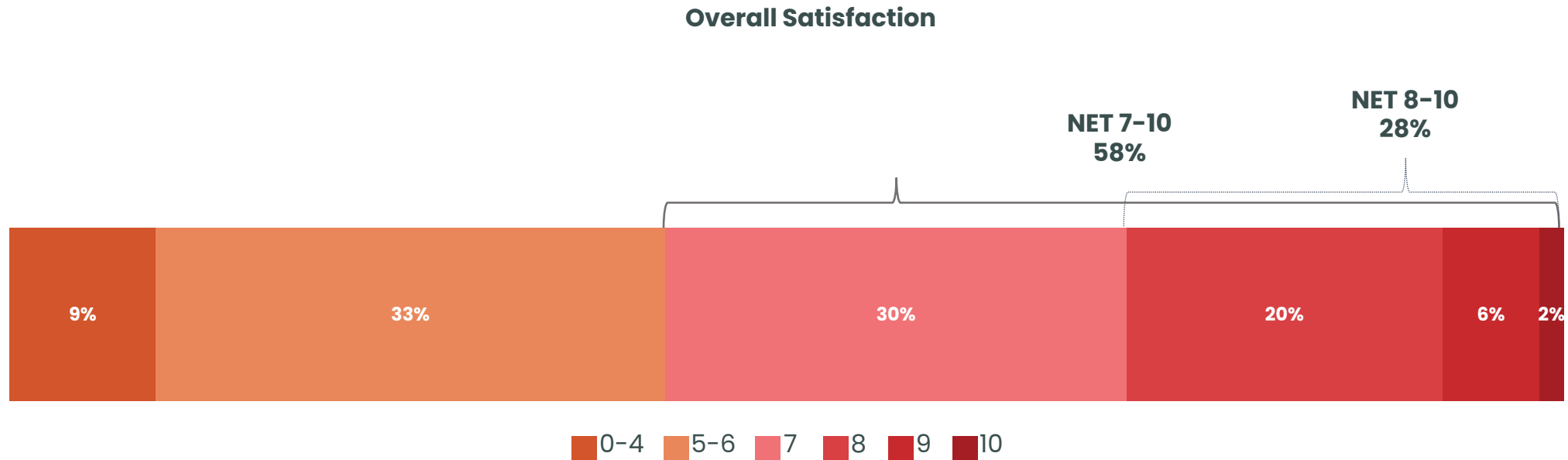
Performance to statement of strategic intent

AEMC's statement of strategic intent outlines the following measures of stakeholder satisfaction as key targets. The Performance column shows the percentage of all stakeholders who **rated AEMC 7 and above out of ten.**

		2023 Performance <i>(% 7+/10 excl DK)</i>
	Thinking about the the AEMC as an organisation, how would you rate your overall satisfaction as a stakeholder, where 0 is very unsatisfied and 10 is very satisfied.	58%
	Please rate the AEMC's performance on collaboration with other market bodies, where where 0 is very poor and 10 is excellent.	57%
	Please rate the AEMC's performance on proactive engagement and consultation with stakeholders, where 0 is very poor and 10 is excellent.	71%

Overall satisfaction

AEMC has a strong reputation among its stakeholder base. **Nearly 60% of participants rated their overall satisfaction with AEMC at 7 or higher out of 10.** 28% rated their overall satisfaction 8 or higher.



Overall satisfaction and reputation

Qualitative analysis

The AEMC has a **strong positive reputation** with stakeholders interviewed reporting high levels of satisfaction, trust and credibility. The majority perceive the AEMC as **approachable, collaborative and forward-thinking** and trust them to run a **balanced and fair consulting process** for their rule making decisions.

Stakeholders are also aware of the complex challenges facing the AEMC going forward and view AEMC's role as critical as the sector works towards the energy transition.

"The AEMC has a critical role in ensuring that the whole system is moving with the times and is actually able to pay for the things that need to be in it to keep the lights on."

(Government/market body stakeholder)

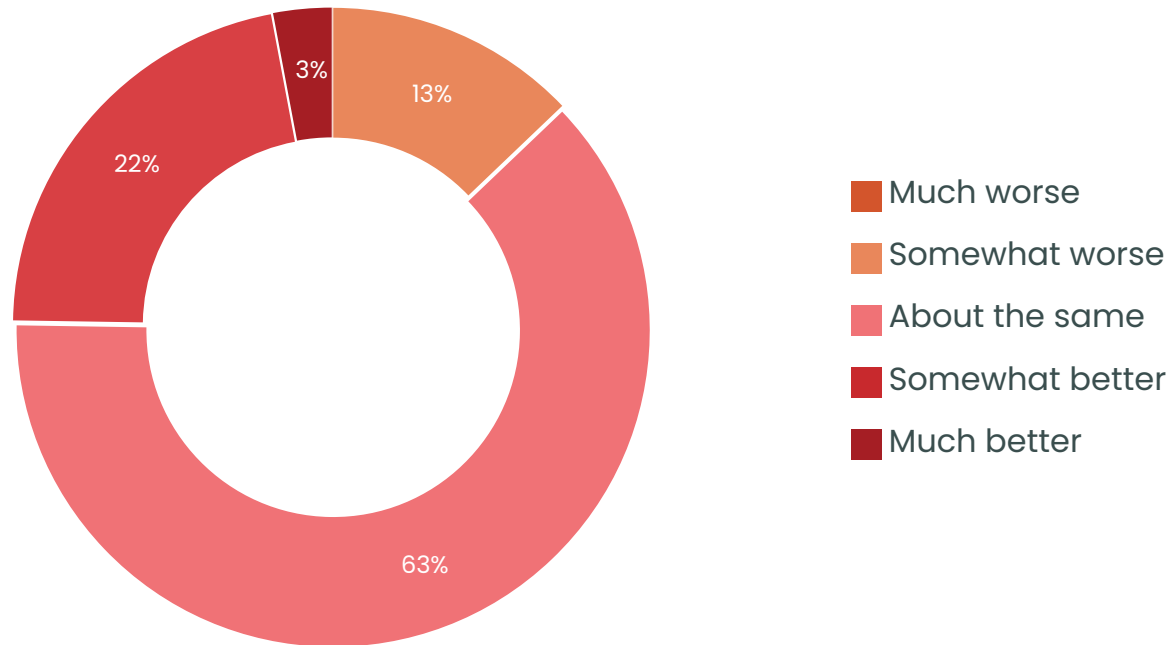
"Their style is all the things we want and look for around collaboration, openness. They're proactive, they reach out to us, to forewarn us and brief us on things. They seek our advice and they're transparent."

(Industry/market participant stakeholder)

Reputation change

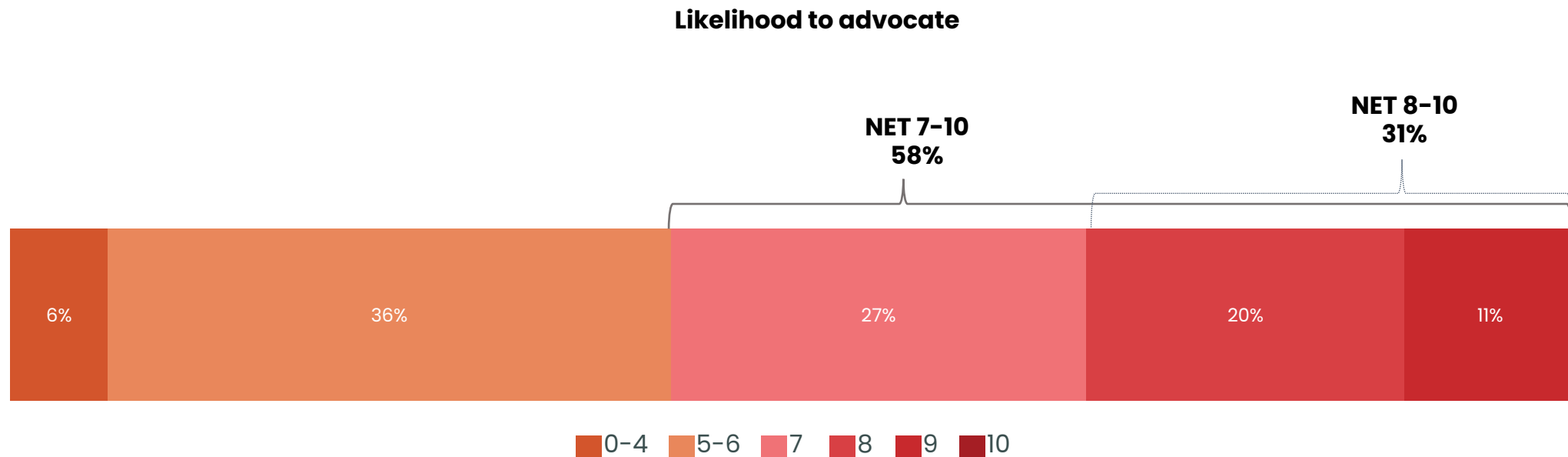
A strong majority (**88%**) feel AEMC's reputation is the same or better than 12 months ago, with **1 in 4** feeling it is **somewhat better or much better**.

Reputation compared to 12 months ago



Advocacy

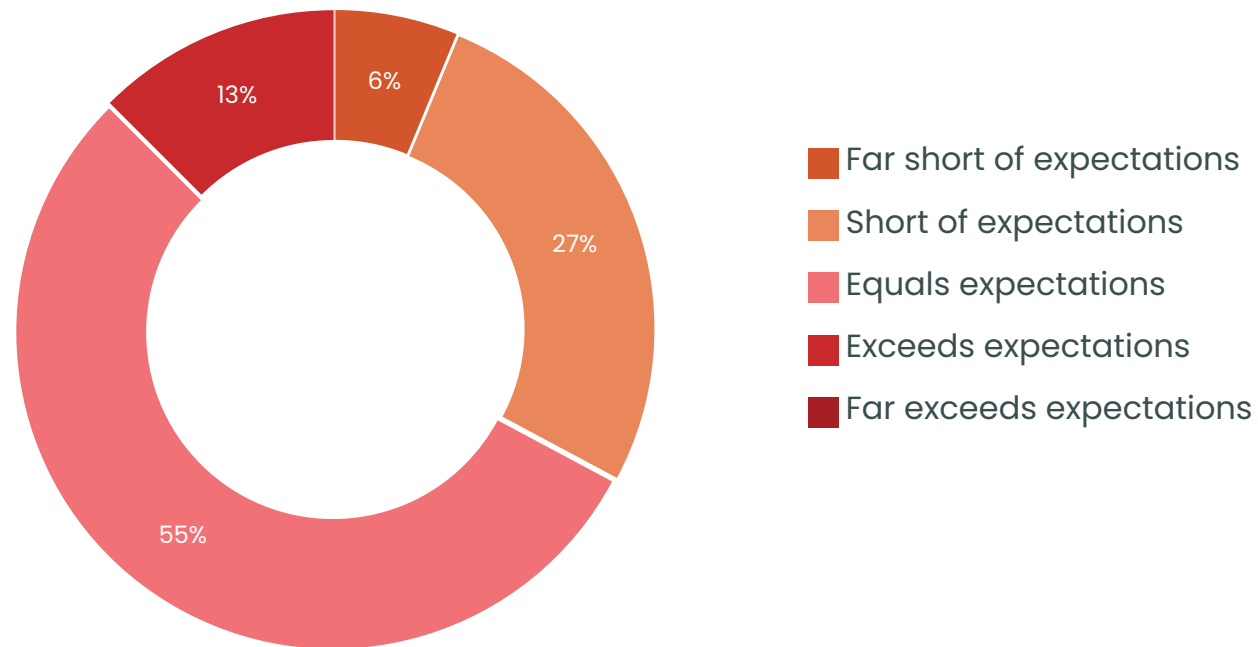
Nearly **3 in 5 stakeholders** rate the likelihood that they would speak well of AEMC to a peer or colleague at 7 or above. 96% of respondent rated their likelihood to advocate for AEMC in conversation at 5 or above.



Performance to expectations

The majority of stakeholders (**68%**) felt AEMC's performance equalled or exceeded their expectations, with 55% feeling expectation were met and 13% feeling performance exceeded expectations. 33% felt performance fell short.

Performance against expectations



Themes - reputational strengths

This slide shows a thematic analysis of interview data showing stakeholder perceptions of AEMC's key strengths.

Strong themes

Praise for AEMC's current **leadership**. Chair and CEO perceived as highly collaborative, open and focused on stakeholder engagement. Positive reflections on improved engagement since leadership change. Widespread appreciation of AEMC's **communications**, which are described as regular, comprehensive, user-friendly and meeting the needs of the various stakeholder segments.

Mid-level themes

Recognition that although the AEMC occupies a challenging space in the sector, the previous two years have been characterised by greater **strategic nous** and a proactive, forward-thinking approach. AEMC's **engagement and interactions** with stakeholders were perceived to be generally constructive and amicable and overall stakeholders saw very little need for the AEMC to change or improve their engagement efforts.

Low-level themes

Some stakeholders appreciate the AEMC's "**no surprises**" approach as this enables them to adequately plan and resource their involvement in the rule change process. AEMC's **technical advice and expertise** on the energy market is also valued by stakeholders as a key contribution.

Themes – reputational strengths

STRONG

"AEMC produces far more user-friendly material. [...] And it certainly stands out above [other market bodies] in terms of a nicely structured presentation of its thinking on pretty much every issue."
(Government/market body stakeholder)

"Leadership is the one area where I think there has been an enormous change for the better. Anna is just so good with the focus on stakeholder engagement, a broader interpretation of long-term interest of consumers. Benn's fantastic. The organisation has had that injection of fresh ideas. I can't speak highly enough of the last couple of years and the positive change in that space."
(Industry/market participant stakeholder)

MID

"I've got a lot of respect for the AEMC and the work they're doing and the approach they take. [...] There's a long list of things that urgently need reform and change. I've been impressed by their strategic thinking and their recognition of some things that they just have to get on with and do and change, but also with one eye very clearly to the longer-term future."
(Industry/market participant stakeholder)

LOW

"They've got a very clear and prescriptive engagement process for when they're actioning rule changes. [...] So everybody knows what to expect in terms of the timing and opportunities to respond to formal papers."
(Industry/market participant stakeholder)

Themes – improvement opportunities

This slide shows a thematic analysis of interview data showing stakeholder perceptions of AEMC's key areas of opportunity for improvement.

Strong themes

Perception that AEMC is **at risk of being 'sidelined'** as rule maker as government increasingly 'bypasses' AEMC to make legislative and regulatory changes. Stakeholders recommended AEMC take **a more front-footed approach**. Many segments felt that the **rule change process is overly time/resource-intensive**, and less contentious decisions could be expedited. Some perceive the AEMC's theoretical foundations as at times **insufficiently pragmatic** to address current energy challenges.

Mid-level themes

AEMC's approach to **consensus-based decision-making is seen as ineffective** and stakeholders recommend consulting broadly and making **strong, independent decisions**. Various segments perceive the AEMC to have **insufficient consideration of the consumer perspective**, although consumer representative stakeholders feel this is already improving.

Low-level themes

Adopting a more **data-driven approach** could strengthen the credibility of AEMC's decision-making. A **more holistic approach to rule-changes** that considers **potential interdependencies** and connected impacts between rule changes under consideration and likely future rule changes could lead to better outcomes.

Themes – improvement opportunities

STRONG

"The AEMC appear to have lost their voice, a little bit of the confidence that they once had in terms of really projecting their position as the rule making body and you know, potentially the blurring of the lines [of market body roles] as a result of that." (Industry/market participant stakeholder)

"I would like to see [the current Chair] try to sort of stand up to the jurisdictions a bit and say, 'no, you shouldn't be undermining the national market by moving these decisions to yourself.'" (Industry/market participant stakeholder)

MID

"If the default setting is consensus, how that can play out at times is one of the three bodies exercises some sort of veto right. Or has more of a say in the AEMC's decision making process than is healthy. [...] There do have to be some situations where with the best will in the world, you agree to disagree." (Industry/market participant stakeholder)

LOW

"AEMC can stick strictly to a process whereby they look at every rule change almost in a vacuum. And that can have some negative consequences in that there might be negative interactions between rule changes that they're proceeding with." (Industry/market participant stakeholder)

Strategic reflections & recommendations

Strategic reflections

In a challenging sector environment over the past two years, the AEMC is tracking well in **sustaining relationships and reputation** across stakeholders with varied interests and priorities. **Effective engagement, openness and collaboration** are key strengths.

While there are some predictable grievances concerning the length of time and the resources required to review, overall **stakeholders highly value the integrity, independence and consultation of the AEMC's rule change process.**

However, perceptions of **changes to roles and relationships between market bodies and the ESB are raising concerns** for stakeholders who do not want to see AEMC lose influence as the independent rule making body.

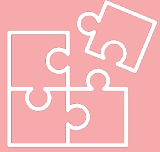
While consultation is highly valued, some stakeholders feel **consensus-building approaches have limitations** and would like to see more **decisiveness and reliance on market intelligence** from AEMC.

The challenge for AEMC going forward is to **sustain and build trust and confidence in their core role as the independent rule maker** in the face of the challenges of the Post 2025 reform environment.

Key findings & recommendations 1



AEMC's **reputation and trust with stakeholders** has remained resilient in a period of sector crisis and change. AEMC's overall **stakeholder engagement strategies and leadership approach** are positively received and **should continue**.



Relationships with government stakeholders are strongest. The AEMC should continue to **focus efforts to engage with industry, consumer representatives and researchers and innovators**, especially around the future of the energy market.



There is more to be done to foreground consumer-centric approaches in the AEMC's work. Further **promotion to all stakeholders of outcomes of consumer workstreams** and the Consumer Priorities Forum would be valuable. Upcoming initiatives like the consumer-focused newsletter wrap up are likely to have good impact. Consideration could be given to **recruiting a Commissioner with consumer advocacy experience**.

Key findings & recommendations 2



Perception that the AEMC is overly theoretical in approach persists from the 2020/21 Stakeholder Report. Stakeholders associate this approach with a perceived lack of forward-looking market intelligence and data-driven decisions. The AEMC could consider strategies for **greater visibility for AEMC staff with industry experience to demonstrate or build market intelligence capabilities.**



Stakeholders want to see more strategic advice and systems-level thinking from AEMC that acknowledges the interdependencies of rule changes particularly in the energy transition. Keeping AEMC's **role in the Post 2025 electricity market design front and centre** and ensuring outcomes are communicated to all stakeholders is a key opportunity to show high-level strategic work from the AEMC.



Collaboration with other market bodies and government is a complex strategic challenge. While stakeholders recognise improved relationships, the AEMC should emphasise its commitment to making independent and decisive decisions. It is crucial for the AEMC to strike a **balance between building alliances** in the reform process and adopting a stronger stance, when necessary, as well as **maintaining its rule change process as the primary avenue for reform.**

Final advice from stakeholders 1

“I think the bigger challenge for the AEMC is having a strong and defined presence in a very political, very busy reform environment and maintaining that clear-eyed objectivity and the reliance on actual data and cost benefit analyses before it takes positions.”

(Industry/market participant stakeholder)

“If I was finding something to be critical about, I think sometimes you need to be based upon first principles and driving through to the correct outcome. [...] Something I'd see them be able to do more of is to actually have a strong position and then argue it forcefully and deliver it rather than always trying to be seeking consensus and worrying about the opposition”

(Government stakeholder)

“I think there is an opportunity for the AEMC to lead to a greater degree. [...] They've got those strategic thinkers, I think in critical roles in the organisation and how they're put to work on some of these bigger, more complex issues, I think is the opportunity for them.”

(Industry/market participant stakeholder)

Final advice from stakeholders 2

“The main thing that I think that the AEMC could probably focus a little more on is its market development spaces, reinvesting in its quantitative capabilities. I think they let them slip. Over the last couple of years there's been some key people that have left a big hole in their quantitative capabilities. Given it's such a data rich industry, that's a big gap I see in being able to provide that market development leadership.”

(Industry/market participant stakeholder)

“I think that in the main, they're working towards the right outcome. It's just that I think their view of a consumer is [...] a economically rational consumer [...]. Whereas the reality on the ground that we see are customers who need assistance, who don't understand the energy market, who don't make the right choices. Even when they do have the right information, they don't necessarily make the right choices. Sometimes that needs to be considered in a bit more detail.”

(Industry/market participant stakeholder)

“I wonder whether the AEMC can do pilots. [...] They should have a policy sandbox. [...] A way to have some innovative thinking that they can try out. [...] Winding stuff back is a tricky thing once changes have been made. So, it gives them a chance to maybe experiment a little bit with a few ideas.”

(Consumer representative/advocate stakeholder)