

14 October 2015



Mr John Pierce
Chair
Australian Energy Market Commission

Submitted via www.aemc.gov.au

Your Ref: EMO0030

Dear Mr Pierce

Strategic Priorities for Energy Market Development

The Public Interest Advocacy Centre (PIAC) thanks the Australian Energy Market Commission (AEMC) for the opportunity to contribute to the development of the AEMC's strategic priorities for energy market development. The AEMC sets its strategic priorities every two years.

PIAC agrees with the three priorities proposed by the AEMC. PIAC also wishes to commend the AEMC at this stage in the priority development process that it has undertaken consultation. Finally, PIAC wishes to comment on the ongoing dialogue between the AEMC and consumer advocates, including the current context in which it takes place.

The three strategic priorities

PIAC supports the AEMC's three strategic priorities for the coming two-year period. These are:

- Consumer priority, comprising the focus areas of engagement, participation and protection;¹
- Gas priority, comprising the focus areas of engagement, wholesale gas trading markets, pipeline capacity trading and information;²
- Markets and networks priority, comprising the focus areas of technology and new business models, network evolution and wholesale markets.³

In PIAC's view, these issues reflect an appropriate focus for the AEMC during the two year period in which the strategic priorities will be in effect. If energy markets develop in the long-term interests of consumers in all of the above areas, PIAC believes that essential energy services will become cheaper and more accessible to all households.

PIAC also notes that strategic planning bears many similarities with other forward-looking endeavours, such as projecting the future cost and usage of services, in that some uncertainty and risk are inevitable. In the case of strategic priorities, the risk is that an issue will emerge outside the scope of the plan and the organisation in question will be constrained its ability to direct resources towards that issue. PIAC believes that the AEMC's chosen plan represents an appropriate mitigation of that risk, while not sacrificing the necessary level of focus to be effective.

¹ AEMC, 2015, *Strategic Priorities for Energy Market Development*, 14.

² Ibid 23.

³ Ibid 20.

⁴ Ibid 20. PIAC, 2015, *From complex fragments to competitive consumer-focused markets*, available at: www.piac.asn.au/publication/2015/06/complex-fragments-competitive-consumer-focused-markets.

The AEMC's openness to amend the strategic priorities

PIAC has been pleased that the AEMC has consulted with stakeholders on its strategic priorities with a proposal that is well developed but still open to the possibility of broad change.

At the public forum held as part of the development of its strategic priorities, all three AEMC commissioners emphasised that each of the strategic priorities being discussed was only in draft/proposed form and could be changed if stakeholders thought it necessary to do so. This approach represents good engagement practice for two reasons. Firstly, stakeholders have been given the opportunity to comment on the proposed strategic priorities when they are still open to change. Secondly, the AEMC was clear with stakeholders about the scope for having such influence.

PIAC commends the AEMC on this approach and looks forward to it permeating all the AEMC's consumer engagement activities, including rule changes.

Ongoing engagement between the AEMC and consumer advocates

Finally, PIAC wishes to acknowledge the AEMC's recent attempts to improve its relationship with residential consumer advocates, including PIAC. In PIAC's case, this follows criticisms of the AEMC contained in PIAC's submission to the COAG Energy Council's review of governance arrangements in the National Energy Market.⁴

As PIAC has conveyed to senior management at the AEMC, it is important that the AEMC and consumer organisations have productive, rather than combative, relationships in order to improve the effectiveness of energy market operations in the long-term interests of consumers. Accordingly, PIAC looks forward to continuing to build on recent discussions and to broaden the dialogue to include such issues as the AEMC's interpretation of the National Electricity and Gas Objectives (especially the meaning of the word 'efficient') and to improve the effectiveness of consumer participation in AEMC rule change processes.

Once again, PIAC thanks the AEMC for the opportunity to comment on the development of its strategic priorities. If you would like and further information, please don't hesitate Oliver.

Yours sincerely



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⁴ PIAC, 2015, *From complex fragments to competitive consumer-focused markets*, available at: www.piac.asn.au/publication/2015/06/complex-fragments-competitive-consumer-focused-markets.