

30 October 2015



Ms Kerry Connors
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By email: Kerry.connors@energyconsumersaustralia.com.au

Dear Kerry

PIAC response to issues paper for ECA grants review

The Public Interest Advocacy Centre (PIAC) thanks Energy Consumers Australia (ECA) for the opportunity to provide comment on its *Grants Review Issues Paper: Draft* (the issues paper). PIAC is well placed to comment on ECA's grants program, having recently received funding for a number of projects. These include a grant of \$275,000 to fund PIAC's innovative appeal of network price determinations in the Australian Competition Tribunal. PIAC has found ECA's processes to work well. In particular, PIAC is grateful for the willingness of ECA staff to work with PIAC to meet the tight deadlines imposed by the appeals process.

In that context, PIAC will make comments under three of the headings in the issues paper:

- defining effective advocacy;
- grants program structure; and
- grant program design.

Defining effective advocacy

ECA has invited comment on a proposed definition of effective advocacy. The issues paper states that ECA intends to use the definition that:

Energy advocacy is an activity designed to influence or create change that improves the long-term interests of electricity and gas consumers.¹

PIAC agrees with ECA that no definition is perfect.² PIAC is also confident that regardless of exactly what form of words is used for the definition, ECA's other processes, staff and Board will see that grants funding is directed to appropriate organisations and projects. Nonetheless, PIAC suggests that the words 'outcomes in' be inserted into the definition after 'improves'. This would make the definition:

Energy advocacy is an activity designed to influence or create change that improves **outcomes in** the long-term interests of electricity and gas consumers.

PIAC's concern with ECA's intended definition is that it characterises the long-term interest of consumers (words which have foundational role in the laws

¹ ECA, *Grants Review – Issues Paper: Draft*, September 2015, 4.

² *Ibid*, 5.

governing energy supply and consumption, through their presence in the National Electricity and Gas Objectives) as something that needs to be changed through every advocacy effort. In contrast, PIAC believes that consumers' long-term interest is a direction in which such advocacy efforts are made. While the specific issue at hand will change over time (due to the changing nature of electricity supply), the direction of advocacy efforts remains constant. Put simply, the definition is meant to perform a high level guiding function. PIAC considers it will be more effective in doing so if the proposed addition is made.

Recommendation 1

PIAC recommends that ECA defines effective advocacy as: Energy advocacy is an activity designed to influence or create change that improves outcomes in the long-term interests of consumers.

Grants program structure

PIAC supports the proposed grants program structure and makes the following specific comments. Firstly, PIAC agrees with the proposal for drawing a continued distinction between advocacy and research grants. While there is significant overlap between these two types (for example, the best advocacy is evidence based), it is useful to draw the distinction between the two because advocacy is not an activity that all organisations undertake. The example highlighted in the issues paper is academic institutions. Research from academic institutions is an extremely valuable resource for consumer advocates such as PIAC (for example, RMIT's report on household ability to respond to time of use electricity prices³). Indeed, evidence compiled without an agenda can be more useful as an advocacy tool than research commissioned for a specific purpose. Accordingly, PIAC supports having a category of grant for which academic institutions can easily apply.

Secondly, PIAC welcomes the creation of the CEO Grants Program to provide small grants at a lower administrative burden to applicants. The administrative burden of applying for small grants can often represent a barrier for small organisations.. As noted in the issues paper, such a scheme would need to have a cap on eligible grants. PIAC believes that that \$10,000 is an appropriate level for that cap.

Recommendation 2

PIAC recommends the cap for ECA CEO grants be set at \$10,000.

Grants program design

PIAC is fully supportive of the program design outlined in the issues paper. Grant applications are to be made and assessed against ECA's strategic priorities, which in turn give effect to ECA's 'constitutional function to promote the long-term interest of consumers'.⁴ PIAC notes that such an approach places an appropriately significant importance on the development of ECA's strategic priorities. PIAC is confident that those priorities will be developed through a robust and collaborative process.

PIAC equally welcomes ECA's commitment to achieving value for money in administering the grants program, as well as the commitment to probity and transparency. Those characteristics are desirable features of any funding program. However, they are even more important given ECA is making grants that are funded with money collected from all electricity consumers.

³ Nicholls, L & Strengers, Y, *Changing demand: Flexibility of energy practices in households with children*, January 2015, RMIT University – Centre for Urban Research.

⁴ ECA, above n 1, 7.

Once again, PIAC thanks ECA for the opportunity to provide comment on the issues paper. PIAC reiterates that it has found ECA's grant function to be well administered and ECA's staff eager to offer assistance in navigating the process. PIAC looks forward to continuing to work collaboratively with ECA for the benefit of energy consumers.

If you require any further information, please do not hesitate to contact Oliver via the details below.

Yours sincerely



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