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Dr Kerry Schott AO
Chair
Energy Security Board
By email: info@esb.org.au

POST 2025 MARKET DESIGN CONSULTATION PAPER, SEPTEMBER 2020

Dear Dr Schott

Thank you for the opportunity to respond to the Energy Security Board's (ESB) Consultation Paper on Post 2025 Market Design (the Consultation Paper). Energy Consumers Australia is the national voice for residential and small business energy consumers. Established by the Council of Australian Governments (COAG) Energy Council in 2015, our objective is to promote the long-term interests of energy consumers with respect to the price, quality, reliability, safety and security of supply.

This is Energy Consumers Australia's second major submission to the ESB on the Post 2025 Market Design work program, following our September 2019 response to the Issues Paper. In that submission we outlined our vision for a future energy system and a framework for getting there.

The ESB has progressed its thinking in the last 12 months, with detail emerging about a package of inter-related market design initiatives in the Consultation Paper. In this submission we comment on the design issues most directly relevant to the experience of household and small business energy consumers in the future energy system through the lens of the framework we discussed in our first submission. Importantly, we also reflect on what the COVID-19 pandemic, and the summer bushfires, means for the way we think about and design the future energy system, the design of markets and the challenges in managing the transition.

In this submission (attached) we review the package of market design initiatives in the Consultation Paper, making suggestions in three areas to inform the recommendations to be developed for Energy Ministers to consider later this year.

1. Structures to integrate and organise the elements of the package around a 'roadmap' with a clear destination and staging based on value, risk and trust outcomes for energy consumers. Importantly, the starting point for the roadmap should be the challenging circumstances households and small businesses are currently facing because of the summer bushfires and COVID-19.
2. Suggestions about designing a platform for new energy services providers whose interests are aligned with energy consumers.
3. The elements of a proactive flexibility plan to give consumers the information, tools, technology and support to get control over their own energy outcomes, and if they choose to do so, contribute to a flexible demand side of the energy system to reduce costs for everyone.

In our submission Energy Consumers Australia identifies seven specific actions for the ESB for the next phase of the Post 2025 program:

1. ESB to review the Post 2025 Package in the new context of the disruption posed by extreme weather events and the impact of COVID 19 to ensure it supports recovery and longer-term resilience of the future energy system.
2. ESB to propose initiatives to ensure the Post 2025 Package delivers least cost outcomes for consumers.



3. ESB to confirm voluntary approaches to consumer participation in wholesale and other markets.
4. ESB and market bodies to work with Energy Consumers Australia and consumer groups to embed the values and expectations of consumers in the detail of the market design initiatives.
5. ESB to develop a framework for the evolution of energy service providers drawing on contemporary design studies and transition design theory.
6. ESB to develop (in consultation with Energy Consumers Australia, consumer groups and other stakeholders) a staged roadmap based on consumer values, expectations and interests informed by the WA DER Roadmap model that prioritises a Flexibility Plan as outlined in Annexure 3 in our submission.
7. ESB to identify supporting measures that Governments and other stakeholders can take to support the implementation of the design, unlock flexibility on the demand side and build consumer and community support for implementation of the roadmap.

In the coming months, Energy Consumers Australia will support engagement with the ESB and other stakeholders supporting the work of the ESB to embed the values and expectations of consumers in the detailed design and a framework for intermediaries including through:

- Engaging Dr Cameron Tonkinwise, to develop insights on how other sectors are (or are not) designing for social practice and consumer outcomes resulting from digital disruption and other transitions and implications from transition design theory for energy market design including subsequently testing the DER Sprint use cases in light of these insights
- Further engaging on the ACIL Allen Supporting Households Framework and how it can be useful to test consumer decision points around proposed services in the new energy system and identify a diversity of consumers and barriers to their full participation in the new energy system. We look forward to this engagement and how it might inform complementary measures and other State based incentive programs to lessen the energy divide.
- Collaborating on developing a more-fit for purpose Consumer Protection Framework, building on our recent experience in defending the public benefits of the NETCC before the Tribunal and the ESB's data strategy. We are supporting a more principles-based approach to consumer protection rather than a prescriptive rules based approach, closer in style to the AER's recent Statement of Expectations and the approach in the NETCC.
- Engaging a range of international speakers, including from the US and the UK, where they can contribute insights and frameworks to the design issues being confronted in Australia.

Should you have any questions about our comments in this submission, or require further detail, please contact Chris Alexander, Director Strategic Reform by email at chris.alexander@energyconsumersaustralia.com.

Yours sincerely

Lynne Gallagher
Interim CEO
Energy Consumers Australia