

## **CUSTOMER REFERENCE GROUP STATEMENT OF OBJECTIVES AND FUNCTIONS**

### **1. Introduction**

This document outlines the statement of objectives and functions for members of the Australian Energy Regulator's (AER) Customer Reference Group (CRG).

### **2. Purpose of the CRG**

The CRG is established by the AER to facilitate customer input into the 'Better regulation' project. The 'Better regulation' project encompasses the development of the AER's guidelines as set out under the National Electricity Rules (the Rules).

The AER wants to ensure its communication and regulatory strategies meet the needs of energy consumers. Participation in the CRG will allow members to inform the AER about issues that impact on the organisations it represents.

The intention of the CRG is to make it easier for customer representative groups to have input into the 'Better regulation' consultative process without necessarily writing formal submissions. CRG members are able to distil key issues and information to constituents for consideration, consult and report back to the AER. This will provide a mechanism for co-ordinated and informed input from a cross-section of customer groups. The CRG will also give guidance on where customer representative groups can invest their limited resources to most effectively contribute to future regulatory processes.

### **3. Objectives of the CRG**

Members are encouraged to consult with their stakeholders to provide comments on 'Better regulation' project work streams. Appendix A contains an overview of each of the 7 work streams. The AER will provide detailed project work stream outlines to relevant CRG members at a later date.

Further, the objectives of the CRG are focussed around CRG members:

- attending meetings where AER staff will explain key issues and customer views are sought
- consulting with other customer representative groups and constituents to distil information and gather views on key issues
- reporting the outcomes of consultation back to the CRG and AER staff
- formulating information and views into a format that is useful to the development of the AER's 'Better regulation' guidelines.

The AER understands that to achieve its objectives, it must clearly explain the 'Better regulation' project to CRG members and identify topics where CRG members can

meaningfully engage. The AER appreciates the complexity and volume of matters it is seeking input on. The AER will provide resources to assist CRG members in sharing information and conveying views. CRG members should also be aware that:

- contributions of the CRG member will be taken as formal submissions (even if not in writing) and considered by the AER as part of its decision making processes
- CRG contributions do not limit additional independent input or submissions being made by the customer group the CRG represents
- the AER is willing to assist CRG members in preparing applications for funding through the Consumer Advocacy Panel.

By providing input to the guidelines, CRG members assist the AER to perform its functions under the National Electricity Law (NEL) and the Rules.

#### **4. Description of functions**

Members are to participate and contribute to the CRG according to the Statement of objectives and functions.

If a member is no longer able to participate, it will notify the AER within 14 days.

#### **5. Make-up of the CRG**

CRG membership is comprised of the CRG Chairperson, being a member of the AER, and customer representative groups. The AER will provide Secretariat support to the CRG as detailed at section 12.

#### **6. Membership**

Members of the CRG may include nominees or representatives from appointed organisations, or individual persons that have suitable experience and or qualifications. Organisations appointed as a member of the CRG should appoint a person to attend CRG meetings. Further, members should advise the Secretariat whether the individual is a representative or nominee of the organisation.

##### **6.1 Length of membership**

Members are appointed by the AER for the duration of the 'Better regulation' project. The 'Better regulation' project will be complete by December 2013.

##### **6.2 Resignation of membership**

A member may resign from the CRG by written notification to the AER.

If a member resigns from the CRG then the AER may appoint a new member to replace it on the CRG.

## **7. Meetings**

CRG meetings will be held the first Thursday of each month until the ‘Better regulation’ project has concluded. Meetings will run for approximately 2–3 hours.

The AER will make video conference facilities available, where possible, from the nearest ACCC/AER office. CRG members will be required to meet their own travel, accommodation or associated expenses.

## **8. Attendance of non members**

The CRG Chairperson may invite guests to attend meetings on an ad hoc basis. Members may also suggest guests to be invited. For example, where an issue under discussion impacts on a particular sector of the community, or where the guest has particular expertise.

Members will be notified in advance of the meeting of a guest’s attendance, and the matters for discussion.

## **9. Conflict of interest**

Members that believe any of its external activities could conflict with its CRG membership should declare their interest to the CRG Chairperson. This must be done as soon as practicable after becoming aware of the potential conflict, and in any event within 14 days.

## **10. Confidentiality**

Members are asked to respect the role of the AER as an independent statutory authority with a regulatory function. The AER will provide information to the CRG about its activities where this is not prevented by confidentiality or operational requirements.

If the AER releases information to members, it can impose conditions regarding members’ use of the information.

Members must not, except as permitted by the AER, required by law, or where the information is already in the public domain, disclose information provided to it by the AER and indicated by the AER to be ‘confidential’, or information that members ought to have known to be ‘confidential’.

This confidentiality clause shall survive the expiration or termination of the member’s CRG membership.

## **11. Relationship with the ACCC and AER**

Members of the CRG are not, by virtue of their appointment, or for any purpose, an employee or agent of the ACCC or AER. Members have no power or authority to bind or represent the ACCC or AER, and must not represent themselves as such, or as an employee or agent of the ACCC or AER.

## 12. CRG Secretariat

The AER will provide a CRG Secretariat. The CRG Secretariat will:

- provide general administrative and secretarial support to CRG members
- organise CRG meetings, including formal meetings and meetings out of session
- record recommendations and action items from meetings and circulate to CRG members
- prepare and distribute material required for CRG meetings

All correspondence and other documentation relating to or arising from the CRG should be directed to the CRG Secretariat. Further, the CRG Secretariat will issue and receive all correspondence regarding CRG meetings, or the appointment process.

Members will liaise with the CRG Secretariat and provide such information as the AER may reasonably require.

## 13. Contact details

The following are contacts details for the AER CRG as at January 2013. In the first instance:

CRG Secretariat:

Tanja Warre  
Director  
Tel: (02) 6243 1103  
Email: [tanja.warre@aer.gov.au](mailto:tanja.warre@aer.gov.au)

CRG General Enquiries:

Kurt Stevens  
Senior analyst  
Tel: (02) 6243 1329  
Email: [kurt.stevens@aer.gov.au](mailto:kurt.stevens@aer.gov.au)

All correspondence should be provided to: [customerreferencegroup@aer.gov.au](mailto:customerreferencegroup@aer.gov.au)

Alternatively, correspondence can be mailed to:

Customer Reference Group  
Australian Energy Regulator  
GPO Box 3131  
Canberra ACT 2601

## **Appendix A - 'Better regulation' work stream overview**

### **1. Expenditure forecast assessment guideline**

These guidelines will describe the techniques and associated data requirements of the AER's approach to determining efficient expenditure allowances in accordance with the objectives, criteria and factors in the Rules. The techniques used and data collected under the guidelines will also form the basis of our annual benchmarking reports.

In developing the guidelines we will be looking to improve our approach to expenditure assessment and become better equipped to challenge the proposals put to us by regulated businesses. In consultation with customers we will be moving towards a framework which involves greater use of benchmarking techniques both at aggregated and disaggregated levels of analysis.

### **2. Rate of return guideline**

This guideline will set out how the AER intends to apply the new rules framework to set rates of return for network businesses that meet the long term interest of customers. This will involve setting out high level regulatory principles that will guide our assessment of methodologies, data sources and models to determine returns on equity and debt that make up the overall rate of return.

Consultation with customers who have an interest in energy regulation will be undertaken to filter priority issues for further detailed examination.

### **3. Expenditure incentives guideline**

The Rules require the AER to develop Capital Expenditure Incentive Guidelines. These guidelines will set out how we intend to apply improved incentives for electricity network businesses to incur efficient capital expenditure so that only investment that is necessary to provide a reliable network is funded by consumers.

In addition, we will be reviewing the incentives for efficient operating expenditure. In particular, we will consider whether revisions are required to the current efficiency benefit sharing scheme that applies to network businesses are necessary in the context of our approach to expenditure assessments of network businesses.

### **4. Shared asset guideline**

This guideline will establish the AER's approach to shared assets, allowing electricity customers to benefit from unregulated revenue streams from services provided by regulated assets.

### **5. Confidentiality guideline**

This guideline will set out how the AER will consider confidential information for regulatory determinations. The Guideline will cover the types of information that is considered confidential and the process for disclosure to ensure more information is available for stakeholders to engage in the regulatory determination process.

## **6. Network service provider customer engagement guideline**

This guideline will set out how the AER expects network service providers to engage with customers and respond to issues raised in preparing regulatory proposals.

## **7. Power of Choice implementation**

The AEMC has been undertaking a number of reviews into how the National Electricity Market can better support efficient demand-side participation. The AEMC completed its Power of Choice review in November 2012 and is soon to complete its review of energy market arrangements for electric and natural gas vehicles. These reviews propose a number of recommendations to the Standing Council on Energy and Resources on required changes to the Rules and broader market reforms. The rule change assessment and public consultation processes will occur in 2013. It is likely that the AER will have a role in implementing a number of these reforms. This role is likely to involve:

- reviewing incentives for distributors to engage with the demand-side;
- reviewing arrangements pertaining to distribution tariff reviews; and,
- possible amendments to the AER's retail guidelines.