



02.03.18

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Dear Michelle

## **Subject – Charter of consultation and regulatory practice (draft)**

CitiPower, Powercor and United Energy appreciate the opportunity to provide feedback on the Draft charter of consultation and regulatory practice. We appreciate the Essential Service Commission of Victoria (**ESCV**) providing an extension of time to all stakeholders to respond to this consultation.

Our comments on the draft charter are outlined below.

### **Principles based approach and direction of the ESCV**

The ESCV Act not only deals with efficiency and promoting the long term interests of consumers, it also requires the ESCV in performing its functions to have regard to price, quality and reliability of essential services.

We support a principles based approach, however suggest that the primary objective be amended from competition in essential services to achieve the best outcome for consumers to wording which more closely reflects the objective of the ESCV and the matters which the ESCV is to have regard, set out in sections 8 and 8A of the Act. The ESCV needs to give consideration to not only price and compliance, but to the benefits and costs of additional regulation, financial viability of the industry and the quality and reliability of the service. It is extremely important in the transition to a low emissions economy that consideration is given to a broader view of the essential service and markets in which they operate.

### **Approach to engagement and consultation**

We support the principles outlined and consider them appropriate for the breadth of services that the ESCV regulates.

Transparency could be improved with tracked changes documents and an accompanying paper describing the rationale of changes. This will provide clarity of changes to all stakeholders and will improve consistency with best practice.

The ESCV not only manages licencing and compliance, but is also a rule maker. We note that the Australian Energy Markets Commission (**AEMC**) or the Australian Energy Regulator (**AER**) as rule makers are required to follow clear consultation processes. The National Electricity Rules (**Rules**), Chapter 6, Part G describes the AER distribution consultation procedure which governs regulatory change. The AER is required to publish amendments, publish an explanatory note describing the amendments and seek submissions. The process allows flexibility for the AER to decide the extent of consultation for example, issues papers or consultation papers with draft decisions and final decisions. It also provides clarity with respect to timeframes for consultation and decisions, specifying at least 30 business days consultation with stakeholders and decisions within 80 business days of publication. We suggest that these consultation processes provide accountability on all stakeholders for administration of regulatory changes and recognise that where issues are complex, the ESCV would need discretion to extend the 80 business days. This could also provide a framework for major reviews or inquiries with a higher level of discretion on timeframes for the ESCV.

Similar to the AEMC, or the Australian Energy Market Operator, there is benefit in summarising the issues raised by stakeholders and the ESCV's deliberation on these issues in any draft decision or final decision.

### **Our guidelines for engagement and consultation**

We support the principles based approach outlined in this section. There would be benefit in the ESCV developing its website so relevant industry stakeholders were notified via push notifications in a manner similar to the way that the AER or AEMC manages communications to stakeholders. Both the AEMC and AER allow push notifications and also have a method to subscribe to the notifications or unsubscribe and re-subscribe where email addresses change. This may help industry stakeholders to better understand what is currently being consulted on.

Whilst we have a number of website suggestions below for consideration, we recognise that these are at a level of detail which does not need to be added into the charter itself. We do however believe these suggestions are helpful in relation to improving consultation and engagement.

Various consultation documents are located within the subject matter area on the ESCV website. The diverse locations make it hard to ensure that consultations are not missed, this approach would improve effective engagement and be consistent with best practice. A separate consultation section for each of the industry sectors that the ESCV regulates would also be useful. This would allow the ESCV to emulate the AEMC where all open consultation for the Rules are available in one place. If the website could not easily adopt these suggestions, then broader email distribution lists to the relevant stakeholders would be beneficial.

LinkedIn and Twitter notification of upcoming consultations is a less formal engagement process. We prefer more formalised notification methods to ensure key consultations are not missed.

There is benefit in the Charter having a front cover sheet and date, a change control table of dates so it is clear which version is the current version and how the charter has changed as a consequence of the three yearly review.

If you have any questions please do not hesitate to contact Verity Watson on 0404 098 597 or [vwatson@powercor.com.au](mailto:vwatson@powercor.com.au).

Yours sincerely

A handwritten signature in blue ink that reads "Brent Cleeve". The signature is written in a cursive, flowing style.

Brent Cleeve

Head of Regulation

CitiPower, Powercor and United Energy