



Jemena Gas Networks (NSW) Ltd

Revised 2020-25 Access Arrangement Proposal

Attachment 8.4

Response to the AER's draft decision - Regulatory decision making and consumer voices



Regulatory decision making and consumer voices

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Executive summary

- Best regulatory practice for decision making means designing a transparent process where all stakeholders, including consumers, have their views considered and where decisions are made on a good evidential basis within a clear statutory framework. The views of stakeholders should be clearly taken into account in decision making.
- Good regulatory decision making requires taking a view about the future. This is enshrined in the National Gas Objective, the aim of which is, “to promote efficient investment in, and efficient operation and use of, natural gas services for the **long-term** interests of consumers ...” (emphasis added)
- Australia has committed to the UN Framework on Climate Change and committed to reduce emissions by 26-28% relative to 2005 levels by 2030. The NSW Government has set a target for net-zero carbon by 2050. This implies significantly less use of fossil fuels, that is, gas. For example, the UK has announced a ban on gas heating for new homes from 2025. The New South Wales government is committed to 100% electrification of its bus fleet.
- There is no argument about decarbonisation policies having an impact. The debate is about the timing of the impact or about mitigating the impact, for example, through the development of hydrogen as a substitute for natural gas.
- The consumer interest is not homogeneous: different groups of consumers may have different interests. Large industrial consumers may have different interests from domestic consumers.
- Consumer advocates, or bodies who are supposed to challenge businesses from a consumer standpoint may disagree among themselves and may have different views from consumers. They may represent sub-sets of consumers, for example, the elderly, and their funding and institutional arrangements may provide incentives to adopt particular positions.
- Simple economic models of consumer preferences are not good predictors of actual consumer decision making. Behavioural economic research demonstrates that consumer decision making is more complex and may include elements of altruism.
- Obtaining direct evidence of consumer views in a balanced and representative manner is a time-consuming and resource intensive exercise. Jemena has undertaken a process to understand consumer views on issues which has been widely praised and commended by the regulator and consumer bodies.
- When dealing with expressed views of consumer preferences, there are few reasons for regulators rejecting them. This is especially the case when dealing with consumer views of their own preferences.
- A regulator is justified in rejecting consumer views if they are of the opinion that the engagement was not objective or if they feel that the views are not representative of consumers. Neither argument applies here.
- A regulator can reject consumer and stakeholder views if they are contrary to the legislation or to an expressed government policy that the regulator is bound to follow. This is not the case here.

- Regulators may reject consumer views because they believe that they are wrong. There is a distinction to be drawn between consumer views about events or conditions which are external to them and consumer views of their own subjective preferences. In the former case, regulators are required to take what they believe, on the basis of evidence, is the correct decision, regardless of consumer views. In the latter case, they should be very cautious about rejecting direct evidence of consumer views especially in a context where they are trying to encourage consumer engagement.
- Rejecting express consumer views will have negative consequences: companies will have less incentive to take consumer engagement seriously and consumers will be less inclined to engage.

1. Introduction

In June 2019 Jemena Gas Networks (Jemena) submitted its 2020 plan to the Australian Energy Regulator (AER) as part of Jemena's access arrangement review for 2020-2025. As part of the plan Jemena proposed to shorten the asset lives for new capital investments. This would have the effect of allowing Jemena to recover their capital investment over a shorter time period, which would mean higher bills in the earlier period up to 2050, but lower ones after 2050.

The rationale for this change was that the world-wide move to de-carbonisation, as adopted in Australia, and the New South Wales government's aspiration to achieve net-zero carbon emissions in 2050 means that the economic lives of Jemena's capital assets are likely to be shorter than the engineering lives that inform current regulatory depreciation schedules.

In November 2019 published a draft decision on Jemena's plan which largely rejected the proposal to shorten the asset lives for new capital investment.¹ The AER took the view that the evidence for the shortening of the economic lives of these assets was speculative and that Jemena's proposal would lead to an inefficient tariff path, that is, that network tariffs would be set above the efficient cost for reference tariffs in the period 2020-25.²

As part of the creation of its plan, Jemena undertook a consumer engagement exercise which, among other things, asked consumers if they would support a shortening of asset lives, even though this meant that they would be pay more on their bills. There was strong support from consumers for the proposal.

By contrast, consumer advocates³ and the AER's Consumer Challenge Panel (CCP) were strongly opposed to it. This split between consumers and consumer advocates creates a problem for the AER in its decision making, particularly as the AER described the consumer engagement approach as "high-quality".⁴

The purpose of this paper is to put the problem into context and to argue that the AER should place more weight on the expressed views of consumers than those of consumer advocates and the CCP.

In order to make this argument, the paper has four main sections:

- The first section discusses regulatory decision making and establishes that a regulator must make independent decisions on the basis of its statutory mandate.

¹ . AER Draft Decision: *Jemena Gas Networks (NSW) Ltd Access Arrangement 2020 to 2025: Overview*. (November 2019)

² . AER Draft Decision: *Jemena Gas Networks (NSW) Ltd Access Arrangement 2020 to 2025: Attachment 4: Regulatory Depreciation* (November 2019) at 15-16.

³ . Energy Consumers Australia (ECA), Public Interest Advocacy Centre (PIAC).

⁴ . AER Draft Decision: *Jemena Gas Networks (NSW) Ltd Access Arrangement 2020 to 2025: Overview*. (November 2019) at 10.

The long-term future of an industry is a relevant consideration, whether or not this is explicit in the statutory mandate (as it is in Australia for gas).

- The second section starts with a discussion of the consumer interest making the point that the consumer interest is not necessarily homogeneous; different groups of consumers may have different interests. In particular, consumer advocates may have a different view from consumers. It then describes means of institutionalising the consumer voice within regulated sectors and examines the growing trend towards greater direct consumer engagement in regulatory decisions, from negotiated settlements to more indirect means.
- The third section is a description of the regulatory context in Australia and a more detailed discussion of Jemena's proposals and the reaction of the consumer advocates to them.
- The concluding section examines arguments for rejecting the expressed views of consumers and concludes that none of them apply in the current context. It then looks at the negative consequences of ignoring the results of consumer engagement.

Terms of Reference

I was asked to look solely at the regulatory depreciation issue in the context of Jemena's consumer engagement. I have not been asked to give my opinion on the substance of the matter, that is, the expected economic lives of Jemena's new assets.

The central question was what is the appropriate weight a regulator should give to transparent and direct consumer engagement in its decision making?

Further information in Appendix B.

Summary of Credentials

I have been Professor of Law at the University of Leicester since 1999 and currently chair the Essential Services Access Network (ESAN), a network of voluntary sector bodies, regulators and complaint handling organisations in the UK (<https://www.esan.org.uk/>). Previously a member of the UK Competition Commission from 1999-2008.

I was a member of the European Commission's working group on vulnerable consumers in the energy sector between 2011 and 2015.

I have written and research widely on the regulation of utilities and essential services, as well as public law and competition law, with a particular interest in the ways in which consumers have their views represented in the regulatory process and practical approaches to customers in vulnerable circumstances and complaint handling.

Further information provided in Appendix C.

2. *Regulatory decision making*

Independent agencies for the regulation of the utility sector were created for two broad purposes. First, to remove ordinary regulatory decision making for these sectors out of the political sphere and, secondly, by so doing, to allow for decision making based on expertise and evidence which would provide predictability and stability that would encourage investment in those sectors.

The creation of these agencies with wide-ranging powers over parts of the private sector gave rise to problems of legitimacy which were solved, at least in the United Kingdom, by providing the regulators with a limited statutory mandate and putting certain process restrictions on the exercise of their powers. In the initial stage of utility regulation in the United Kingdom, the role of regulators was seen as being relatively restricted, focusing primarily on economic matters, which would focus around price controls, a set of issues seen by some as being uniquely suitable for resolution by the application of regulatory expertise.

In this idealised conception of regulatory decision making, although the process must be transparent and predictable, there is limited space for consumer voices as the issues revolve around the application of technical economic expertise and forecasting to the data provided by the utility companies.

In practice, however, the situation has always been more complicated than the idealised conception. The statutory mandates, which are fundamental to the regulatory decision-making process have always included issues beyond economic analysis and have often implicitly required trade-offs between different statutory objectives, for example, between today's consumers and future consumers.⁵

In the United Kingdom, the statutory duties and functions of the regulators have become increasingly complex as environmental and social duties have been layered alongside economic objectives.⁶ There has also been a much greater explicit emphasis on the purpose of regulation being to protect consumers, which has led to increased interest in the consumer voice.⁷ By contrast the objectives of gas regulation in Australia are:

“... to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”⁸

The AEMC interprets efficiency in the long-term interests of consumers as being the fundamental objective lying behind this terminology, with efficiency encompassing productive, allocative and dynamic efficiency.⁹ Although the AEMC's remit is perhaps more

⁵ . R Baldwin, M Cave and M Lodge *Understanding Regulation* (2012, 2nd ed) at 27-8. Australian Energy Market Commission (AEMO) *Applying the Energy Market Objectives* (2019) at 5.

⁶ . Centre for Competition Policy *Fairness in Retail Energy markets?* (2018) chapter 3.

⁷ . Section 3A(1) Electricity Act 1989.

⁸ . There is a similar objective for electricity and generally for energy.

⁹ . AEMC *Applying the Energy Market Objectives* (2019) at 10-12.

focused than UK regulators, it recognises the importance of stakeholder participation and engagement, stating that, “The effectiveness of stakeholder participation in the process determines the quality of the market outcomes.”¹⁰

Paralleling this increasing interest in incorporating the consumer or stakeholder voice into decision making has been political controversy over increasing energy prices in both Australia and the UK leading to an ACCC inquiry into electricity pricing and a UK Competition and Markets Authority inquiry into the energy market.¹¹ In the UK, this led to legislation which imposed tariff caps on certain pricing schemes.

There has also been dissatisfaction with the length and complexity of price control processes in the UK and the way that those processes incentivise companies to focus on engagement with the regulator as opposed to focusing on engaging with consumers. This has been most notable in the UK’s water industry where the regulator has for some time been seeking to encourage water companies to have a closer relationship with their consumers and take consumer views into account in creating their future business plans (this is discussed further below in Annex A).

More generally, it is now accepted that best regulatory practice means designing a process which allows stakeholders, including consumers, to participate in the development of regulatory policy which is also reflected in the AER’s Better Regulation initiative leading to the establishment of Consumer Challenge Panels and guidelines on consumer engagement for network service providers.¹² Among the benefits identified by the OECD are the increase in public trust and a greater acceptance of and compliance with regulations.¹³ In Australia, the ECA has emphasised the importance of trust in this sector.¹⁴ The importance of consultation has been recognised by the UK government.¹⁵ Sustainability First has emphasised that better engagement can lead to improvements in services, better strategic

¹⁰ . AEMC *The Rule Change Process: A guide for stakeholders* (2017) at 3.

¹¹ . ACCC *Restoring electricity affordability and Australia’s competitive advantage* (2018); Competition and Markets Authority *Energy Market Investigation* (2016).

¹² . OECD *Recommendation of the Council on Regulatory Policy and Governance*, (2012). AER *Consumer Engagement Guideline for Network Service Providers* (2013), AER *Consumer Challenge Panel – Background* (2017) available at: <https://www.aer.gov.au/about-us/consumer-challenge-panel>

¹³ . OECD *Better Regulation Practices Across the European Union* Chapter 2, (2019).

¹⁴ . See R Sinclair “Energy Networks Consumer Engagement Awards: Speech Notes” 17 September 2019. Available at: <https://energyconsumersaustralia.com.au/news/energy-networks-consumer-engagement-award-speech-notes> ; R Sinclair “Foresighting Forum 2019: Opening Remarks” 3 April 2019. Available at: <https://energyconsumersaustralia.com.au/news/foresighting-forum-2019-opening-remarks>; R Sinclair “Fairness, Misbehaving and Trust” (2017). Available at: <https://energyconsumersaustralia.com.au/wp-content/uploads/Fairness-misbehaving-and-trust-in-the-energy-market.pdf>

¹⁵ . Department for Business, Innovation, Enterprise and Skills (BEIS) *Principles for Economic Regulation* (2011). Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/31623/1-1-795-principles-for-economic-regulation.pdf

decisions and an increase in legitimacy in their work on trying to design a new public interest framework for energy and water regulation in the UK.¹⁶

Regulatory decision-making is a complex task, which involves the weighing of various factors and predictions as to future behaviour.¹⁷ Although the statutory mandate is critical, it rarely provides a straightforward path, often obliging the regulator to deal with objectives which may be in tension with each other and to find acceptable trade-offs or a balance between them.

As part of this process, good practice suggests that regulators must show that they have taken the views of stakeholders, especially consumers, into account.

Looking to the future

Regulatory decision-making, outside of enforcement is inevitably an *ex ante* process, which is often used to distinguish it from, for example, competition law. Such a process inevitably involves the regulator in having to make judgements about the future environment and the response of companies to its own proposals.¹⁸ This has become a critical issue in the energy industry in the context of concerns over climate change and structural changes within it due to the use of renewable generation.

The AEMC is clear that its decisions must consider future developments. In their view, flexible and resilient market and regulatory arrangements are those which make the least demanding assumptions about how the future may evolve.¹⁹ Furthermore, they consider the impact of climate change policies on their regulatory decisions as well as considering whether those decisions will be consistent with the future course of consumer protection policy.²⁰ Finally, they must make a prediction about how stakeholders will change their behaviour when rules change.²¹

Another example is found in the UK government's *Principles for Economic Regulation*²² which highlights as one of its six principles, adaptability, that is; "capacity to respond to evolve to changing circumstances and continue to be relevant and effective over time".²³ Later on in the same document, it is emphasised that regulatory frameworks need to be kept up to date and reflect the priorities of the day.²⁴ The problem of adapting to the future has been a central issue in debates over energy regulation in the UK and is also seen in the UK's

¹⁶ . Sustainability First *Looking to the long term: hearing the public interest voice in energy and water* (2018). Available at: <https://www.sustainabilityfirst.org.uk/images/publications/new-pin/New-Pin%20Looking%20to%20the%20long%20term%20FINAL%20report.pdf>

¹⁷ . AEMC *Applying the Energy Market Objectives* (2019) sets out a good example.

¹⁸ . For a recent example see: *R (on behalf of British Gas Trading v Gas and Electricity Markets Authority* [2019] EWHC 4038 (Admin).

¹⁹ . AEMC *Applying the Energy Market Objectives* (2019) at 6.

²⁰ . *Ibid* at 8-9.

²¹ . *Ibid* at 16.

²² . Department for Business, Innovation, Enterprise and Skills (BEIS) 2011. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/31623/1-795-principles-for-economic-regulation.pdf

²³ . *Ibid* at 5.

²⁴ . *Ibid* at para 27.

National Infrastructure Commission's call for regulation to be updated to meet the coming challenge of net zero, among other challenges.²⁵

3. *Consumer voices in a price review*

How to institutionalise the consumer voice has been a matter of debate and developments in specific industries and countries are discussed below. Before discussing these examples, it is worth discussing the question of what constitutes the consumer interest and how it might be represented.

The consumer interest

It is commonplace to talk about the consumer interest in the context of utility regulation. For example, the Australian National Gas Objective is:

“... to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”

It is, however, less common to discuss what this might mean as opposed to, for example, discussion of the “public interest”. Within the context of regulation, the consumers of utility services can be very different. Jemena has approximately 1.40 million residential customers who consume 30% of its gas, while there are 400 industrial customers who consume 55% of its gas. Within groups of consumers there may be different interests.

It is critical to recognise that there may be a difference between the views of consumer advocates and the views of consumers. This possibility is mentioned by Locke, but rarely receives any discussion.²⁶

Within the UK, perhaps the most high-profile example of this revolves around pre-payment meters (PPMs) for energy supply. Most consumer advocates have been at best lukewarm and at worst hostile to these devices for two main reasons. First, the charge for supply via these devices is higher than a normal tariff, either standard variable or fixed. Secondly, there is a worry that PPMs conceal the extent of energy rationing through self-disconnection. In other words, rather than a consumer being disconnected for failure to pay a bill, which generates a statistic, if a consumer cannot afford to use energy, they will not charge their PPM, but this will not show up as a statistic and working out self-disconnection rates is very difficult. Whenever research is done into consumer experiences of PPMs, the message that comes back from consumers is that they are largely happy with the experience. Although they recognise the higher tariffs, they value the control over budgeting given by the PPMs.²⁷

²⁵ . National Infrastructure Commission *Strategic Investment and Public Confidence* (2019).

²⁶ . S Locke 'Modelling the Consumer Interest' in G Bruce Doern and S Wilks (eds) *Changing Regulatory Institutions in Britain and North America* (1998) at 174.

²⁷ . Centre for Competition Policy *Fairness in Retail Energy markets?* (2018) at 50.

The point is not to suggest that one view or another on a particular issue is correct, nor to suggest that the views of consumer advocates are not to be trusted. It is to argue that there is no one simple “consumer interest”: different groups of consumers may have different interests, which may conflict with one another. For example, research in the US indicates that the participation of consumer advocates in rate setting proceedings leads to results which favour one group of consumers as opposed to another.²⁸

The institutions through which the consumer voice is mediated will also have an impact. Consumer advocates will have more or less resources and will have different constituencies that they will have to relate to and may disagree amongst themselves.²⁹

It should not be surprising to find that there are differences between consumer advocates and consumers over regulatory issues. This comes out clearly in the Stage 2 Monitoring report on the Ausnet service trial where customers were positive about the Customer forum, whereas customer advocates were largely negative.³⁰ Certain types of consumer advocates may, for example, favour short term gains (price reductions) over the long-term interests of consumers.³¹ Consumer advocates may also consider that consumers need protection from themselves.³² How a regulator should deal with such a conflict is discussed below.

Representative institutions for consumers

In terms of designing institutions to represent the consumer voice, there are four main variants, which are not exclusive and often co-exist.³³

The first option is for the regulator to set up a consumer body which sits within the regulator, for example, a consumer panel. There are two main options that have been adopted in the UK: first, panels required by statute and, secondly, panels or committees set up by the regulators voluntarily to deal with particular issues, such as AER’s Consumer Challenge Panel which has been created to provide a consumer voice on key issues in regulatory determinations. The Panel’s membership has relevant expertise and sub-panels are created to deal with particular cases.

²⁸ . A Fremeth, G Holburn and P Spiller “The impact of consumer advocates on regulatory policy in the electric utility sector” (2014) 161 *Public Choice* 157.

²⁹ . See, for example, F Simon *Meta-Regulation in Practice* (2017) at 69, 117, 140 and 151.

³⁰ . Farrierswier *New Reg Ausnet Services Trial: Stage 2 Monitoring Report on scope agreement and initial negotiations* (2019) at Table 5.1. Available at: <https://www.aer.gov.au/system/files/Farrier%20Swier%20-%20AusNet%20Trial%20Monitoring%20Report%20-%20Stage%20%20-%202019.pdf>

³¹ . See C Decker “The Consumer Knows Best: Involving Consumers in Regulatory Processes and Decision-Making” (2013) *Network*, Issue 49; S Chakrvorty “Negotiating with a Consumer Advocate in Public Utilities Regulation” (2012). Available at: https://bear.warrington.ufl.edu/centers/purc/docs//papers/1301_Chakravorty_Negotiating_with_A.pdf

³² . F Simon *Meta-Regulation in Practice* (2017) at 88.

³³ . See Essential Services Access Network (ESAN) ‘How can the consumer voice be better heard in the regulation of essential services?’ (2016). Available at: <https://www.esan.org.uk/wp-content/uploads/Final-ESAN-event-paper-23-Dec-2016.pdf> For presentational purposes, I present four variants, rather than ESAN’s three. See also C Decker “The Consumer Knows Best: Involving Consumers in Regulatory Processes and Decision-Making” (2013) *Network*, Issue 49.

The second option is for there to be a consumer voice set up outside the regulator on a statutory basis, such as the Consumer Council for Water (which also has some complaint handling functions) or, as in some states of the United States, offices of consumer advocates.

The third option is for the consumer voice to sit outside the regulator but operate on a non-statutory, voluntary or charitable basis. These consumer bodies may focus on regulatory issues as part of a wider remit, such as PIAC, or may be organised to deal specifically with consumer regulatory issues. Although these bodies are non-statutory, they may receive some or all of their funding from government. Energy Consumers Australia is an example of these type of arrangements. It is a company limited by guarantee, recognised as a charity and the bulk of its income comes from levies placed on the electricity and gas industries funnelled to it through the Australian Energy Market Operator. PIAC, by contrast, has a wider remit and more sources of income, although around half its income comes from grants from the NSW Government or the Public Purposes Fund.³⁴ Citizens Advice in the UK currently operates as a hybrid of the second and third variants, since it has certain statutory responsibilities in the energy sector, while at the same time also focusing on regulatory issues as part of its wider work.

The fourth option is to set up means for the consumer voice to be heard within the regulated company or companies. This can be mandated or incentivised by the regulator, as in Ofwat's Customer Challenge Groups or can be set up voluntarily by the company.

All of these institutions are meant to be, in some sense, representative of the consumer voice(s) and this can be seen most clearly in some of the statutory arrangements where representation is done on a territorial or interest basis. At the other end of the spectrum, bodies in the voluntary or charitable sector with limited government support are representative of their constituencies because they provide a service which people are willing to support. The clearest example, perhaps, of this is Which. Although these bodies are all representative of the consumer voice, they will do research into consumer views because they recognise that they need further support for saying that they are representing the consumer voice. An example is ECA's Consumer Sentiment Survey.

It has, however, been recognised that when it comes to regulatory decision-making, particularly price controls, these consumer institutions need supplementing and that decision making needs to move beyond a consultation and respond model. In the UK, this ties into the criticism of the post-privatisation regulatory system by, among others, one of its architects, Stephen Littlechild and this has sparked an interest in the development of different models which provide greater input by consumers.³⁵ In Australia there has been frustration with the adversarial nature of the process, its complexity and the failure of

³⁴ . It also receives money through donations, casework and rental income.

³⁵ . Sustainability First *Looking to the long-term: hearing the public interest voice in energy and water Eight agendas for change* (2018). Available at: <https://www.sustainabilityfirst.org.uk/new-pin/new-pin-pubs-sub> See also D Helm "The Systems Regulation Model" (2019). Available at: <http://www.dieterhelm.co.uk/regulation/regulation/the-systems-regulation-model/>

revenue proposals to reflect the consumer interest and this underpins the AER's experimentation with the New Reg process currently being trialled with Ausnet.³⁶

International experience

Drawing primarily from US and UK experience, there are two main models of enhancing consumer participation in the regulatory process: consumer engagement and negotiated settlements.³⁷

Consumer engagement is where the regulator provides an incentive for the regulated companies to consult or engage with their consumers, listen to the concerns and to incorporate consumer views within the business planning process, which is then submitted for regulatory approval. The clearest example of this is Ofwat's approach to its last two price reviews, and this is discussed in Annex A. The AER has taken a similar approach setting out guidelines on consumer engagement for network service providers which sets out how they expect service providers to engage with consumers and this was the approach followed by Jemena in creating its 2020 plan.³⁸

Negotiated settlements involve direct negotiation and agreement over at least some elements of a regulatory determination between the company and its customers. The legislative framework usually requires the regulator to agree to a settlement. Negotiated settlements are more commonplace where the negotiation is between relatively large sophisticated industrial consumers and the regulated company. In the United States, they may also take place where there is a sufficiently resourced consumer advocate, which has largely been discussed in relation to Florida. Building on this idea, in Scotland a Consumer Forum was created to negotiate a price control with Scottish Water (discussed in Annex A) and this appears to have been the inspiration for the AER's New Reg project.

Both models require input and oversight from the regulator to ensure that the customer voice is heard properly. In customer engagement models, the regulator will be concerned to ensure that the consumer views are reflected in business decisions and that a proper objective process has been used to obtain those views. In Jemena's case, the AER has done this largely by assessing customer engagement against its guidelines, but it also observed some of the customer forums. These concerns may be lessened when the negotiators are large sophisticated consumers, but the Scottish example shows the regulator having substantial input into the discussions by providing the Consumer Forum with information and advice to aid its negotiation. Leaving aside the Scottish example, questions have been

³⁶ . AER *New Reg: Towards Consumer Centric Energy Regulation* (2018). Available at: https://www.aer.gov.au/system/files/NewReg%20Approach%20Paper%20-%20Towards%20Consumer-Centric%20Energy%20Network%20Regulation%20-%20March%202018_0.pdf

³⁷ . See C Decker "The Consumer Knows Best: Involving Consumers in Regulatory Processes and Decision-Making" (2013) *Network*, Issue 49 for this distinction.

³⁸ . AER *Consumer Engagement Guideline for Network Service Providers* (November 2013), JEMENA *Jemena Gas Networks 2020 Plan* (June 2019).

raised about whether the views of consumer advocates align with the views of consumers in negotiated settlements.³⁹

4. *Australian regulatory framework and Jemena's proposals*

Australian regulatory context

Section 23 of the National Gas Law sets out the national gas objective:

“... to promote efficient investment in, and efficient operation and use of, natural gas services for the long term interests of consumers of natural gas with respect to price, quality, safety, reliability and security of supply of natural gas.”

Section 25 provides that the Ministerial Council of Energy may issue policy principles but there are no extant principles. Section 26 sets out revenue and pricing principles which state that a provider should have a reasonable opportunity to recover at least their efficient costs.

This is a clear objective. There are two important points: first, the emphasis on **long-term** interests and, secondly, the long-term interests of **consumers**. The emphasis on the long-term implies that it is necessary for the energy regulator to take a view about future developments within the industry and developments which would affect the industry. In particular, this will require a view about the direction of environmental policy in Australia because of the impact that it will have upon the gas industry.

It also involves making judgements about the balance between the long and short-term interests of consumers, that is, a judgement between generations. Something which is in the short-term interests of current consumers may, in principle, be against the longer-term interests of future consumers.

Secondly, the emphasis on interests of the consumers suggests that account should be taken of what consumers think is in their interests.

³⁹ . See C Decker “The Consumer Knows Best: Involving Consumers in Regulatory Processes and Decision-Making” (2013) *Network*, Issue 49; S Chakrvorty “Negotiating with a Consumer Advocate in Public Utilities Regulation” (2012). Available at: https://bear.warrington.ufl.edu/centers/purc/docs//papers/1301_Chakravorty_Negotiating_with_A.pdf

Jemena's proposals

The proposal is to adjust the standard asset lives which are applied to certain new assets, thus speeding up cost recovery. The table below summarises it:

Proposed changes to asset lives for new investments⁴⁰

Asset class	Current standard lives (years)	Proposed standard lives for new investment (years)	% of capital expenditure in asset class compared to capital program as a whole
Trunks	80	50	0%
High pressure mains	80	50	13%
Meters/meter reading devices	20	15	21%
Medium pressure mains	50	30	15%
Medium pressure services	50	30	32%

The justification Jemena gives for this change is that it is possible that the network will no longer be viable after 2050. If this is the case, then customers are predicted to disconnect from the network in great numbers, meaning that there will be fewer customers over which to spread the fixed costs. The remaining customers are likely to be constrained from switching and will be less able to afford the price increases imposed on them. If this should occur, Jemena predicts that it would be unlikely to recover all the investments that have been made in the network. This is said to be contrary to the objectives and principles of the regulatory framework, which seek to provide businesses with a reasonable expectation that they will recover their investment costs.

In its consultation with customers over this issue, Jemena presented two options: maintenance of current asset lives or speeding up the recovery of investment in new assets by shortening asset lives. These were referred to as "50 year recovery" and "30 year recovery" in the presentation to customers and were combined with two scenarios for the gas network: thriving or declining. Thriving referred to the network operating as it had historically, with no decline in customer numbers or consumption due to decarbonisation. Speaker notes⁴¹ suggested that speeding up recovery would increase bills by an additional \$7 per annum, while the alternative was to defer the decision which would not incur the extra charge. This would be the right decision where the gas network continued to thrive.

⁴⁰ . Jemena Gas Networks (NSW) Ltd 2020-25 Access Proposal: Attachment 7.10: Proposed changes to asset lives for new investments (June 2019). Table 1-1.

⁴¹ . Jemena 2020-25 Access Proposal: Attachment 2.3(d) Customer Engagement Materials, p. 54 Runsheet Forum 2.

If, however, it declined, then recovery after 30 years would need to be speeded up, which was estimated as an increase of \$20 per annum over 10 years.

A summary of the outcomes presented to customers is shown below:

Projected gas bill with 50- and 30-year recovery⁴²

	Today	2025	2030	2060 (thriving)	2060 (declining)
50-year recovery	\$938	\$1,032	\$1,180	\$2,171	\$5,410
30-year recovery	\$938	\$1,034	\$1,187	\$2,147	\$5,166

As part of developing its overall plan, Jemena undertook a major customer engagement exercise between 2017-19.⁴³ The process aimed at obtaining a representative group of customers and involving them in decision making through deliberative research, where information is given to the customers and they discuss the issues. When this proposal was put to customers, Jemena reported that it received strong support. In the deliberative forums 81% (N = 65) of customers supported the proposal, while 19% (N = 15) opposed it. Jemena reported that all of the customers in the CALD forum supported the change in asset lives, while a majority in the over-55s forum also supported this change.

Response of consumer advocates

Consumer advocates and the CCP did not, by contrast, support this proposal.

The Public Utility Advocacy Centre (PIAC) suggested that this proposal represented a transfer (of wealth) between consumers in the short-term and Jemena's shareholders in the long-term. They urged Jemena to think outside of the current regulatory framework and consider whether it is fully reasonable to expect consumers to foot the bill for the full risk that Jemena does not have an attractive product in the future (Submission of 21 March 2019). They expanded upon this approach in their later submission to argue that the issue should be considered at a policy-level of regulated businesses in general and not limited to Jemena (Submission of 9 August 2019).

Energy Consumers Australia (ECA) took the view that they had not seen any compelling evidence to support the proposed initiative. They thought that it was not clear how Jemena assessed the risks of uncertainty against the future opportunities for benefits. They also emphasised that it was important to adopt a national strategy about asset-stranding to ensure that risks were not passed through inappropriately to consumers. They felt that changing asset lives was contrary to the long-term interests of consumers because the

⁴² . Jemena 2020-25 Access Proposal: Attachment 7.10: Proposed changes to asset lives for new investments (June 2019) Attachment A1.

⁴³ . For details see *Jemena Gas Networks 2020 Plan* (2019).

increase in prices today will further disincentivise the use of gas as an energy source (Submission of August 2019).

The ECA's consultants (TRAC Partners) also did not support the proposal. They placed their primary emphasis on ensuring that gas is affordable as possible, partly because this will maximise the likelihood of continued use of the network and minimise the chance of asset stranding. They also felt delaying the decision to 2026 will have other benefits as there will be further clarity around the Hydrogen Strategy and the market response to the supply from the LNG import terminal at Port Kembla. They also see the proposal as re-allocating risk from Jemena to its customers.

The Consumer Challenge Panel (CCP) also had concerns with the proposal. They were concerned with the increase in costs in the short-term. They also said that the proposal appeared inconsistent with Jemena's confidence in the future with its plan to build excess capacity. They felt that the issue could be better approached in the future, probably in about ten years. They did, however, suggest that there may be a case for changing the asset lives of metering and metering services from twenty to fifteen years. (Response of 9 August 2019),

None of the consumer advocates were critical of Jemena's consumer engagement efforts. PIAC commended Jemena's consumer engagement, ECA said that Jemena was "leading the way" on consumer engagement. The CCP described the process as thorough. Jemena has also won the 2019 ENA and ECA consumer engagement award. CCP was the only body which had some reservations about Jemena's approach to this issue. They raised the question of whether alternative options ought to have been offered to consumers in terms of payback times. They also felt that, with such a complex issue and the level of information given, consumers might have erred on the side of fairness in a discussion.

5. Arguments for rejecting consumer views by the AER do not apply

Regulatory decision making is a question of taking the best decision within a legislative framework which sets out what matters should be taken into account. The national gas objective talks about encouraging efficient investment and operation for the long-term interests of consumers with respect to price, quality, safety, reliability and security of supply of natural gas.

This framework suggests that the views of current consumers are an important consideration in decision making and engaging with consumers is something that the AER has encouraged,⁴⁴ as have other regulators.

Although consumer views of an issue should not be definitive, in this context, there needs to be good reasons for rejecting those views. Consumer views can be obtained either by observation (what happens in particular circumstances) or by asking consumers about their views.

⁴⁴ . Australian Energy Regulator *Consumer Engagement Guideline for Network Service Providers* (2013).

There are five broad reasons for rejecting an expressed consumer view.

a. Doubts about the validity of consumer engagement

A reason for rejecting the views of consumers as reported by Jemena would be if those views were in some sense not valid or representative (the representativeness point is discussed below). An inappropriate method could have been chosen or an appropriate method could have been badly or improperly executed. So, for example, a sample could be unrepresentative, the questions asked could be inappropriate or biases have not been accounted for.

None of these issues arise in this case and there has been no criticism, in the documentation I have seen, of the methods used by Jemena.

There is a significant body of literature which discusses the techniques which can be used to understand consumers' views on issues.⁴⁵ These approaches can be divided into two main alternatives; quantitative and qualitative, with the former tending to be used to discover the valuation of goods and services which do not have a direct market price, while the latter are used to obtain an in-depth understanding of public views on an issue. One of the main differences between these types of approach is that large scale quantitative surveys may provide statistically significant results which are scalable.

The qualitative approach, by contrast, because it relies on a smaller, albeit representative, sample is only indicative. The qualitative approach may, however, allow for greater voice from groups who might be marginalised in a larger scale, quantitative project.

The consumer engagement that Jemena has done sits firmly within the qualitative side of this type of research, under the heading of deliberative research.

The approach that has been taken is consistent with the best practice principles of research design that have been established. They have ensured that the sample population is representative and have also included groups of older and CALD consumers.

The information given to the consumers appears to be impartial and the process does not appear to have involved steering the group to a conclusion. There was also an opportunity given to the groups to review Jemena's interpretation of their views.

⁴⁵ . Britain Thinks/London Economics *Research approaches overview* (2016) gives a concise picture. Available at: <https://www.sustainabilityfirst.org.uk/images/publications/new-pin/New-Pin - Research Approaches for Stakeholder Engagement - Overview - Britain Thinks and London Economics - FINAL - November 2016.pdf>

b. Access to alternative views of different or wider groups of consumers

The argument here is that the group or sample of consumers used is not representative of consumers. Although the option of engagement may be offered to all consumers, only a sub-set will ever take up that opportunity. All consumer engagement is based on extrapolating from a sample; the question is how representative is that sample and what weight can be placed on those views.

Jemena's consumer engagement process has not been criticised for being unrepresentative. The process was organised carefully to reflect the views of different groups in the community and to include views which are often overlooked.

None of the consumer advocates nor the CCP refer to competing direct evidence of consumer views. ECA refers to its Energy Consumer Sentiment Research as forming a foundation for its submission, but this research, valuable as it is, does not address the depreciation issue nor does it ask questions about inter-generational equity.

c. Consumer views do not align with regulatory legislation or government policy

Regulators must work within their statutory mandate and, where appropriate, take into account government policy. In the UK, there have been various documents published which have aimed at setting out the relationship between the regulators and government with an emphasis on the limits of the regulator's role.⁴⁶ For example, the Guidance to Ofgem stresses that social or environmental measures with significant financial implications for consumers or regulated companies will be implemented by Ministers not by Ofgem.⁴⁷

In these circumstances, although consumers and consumer advocates might express a preference for a particular outcome, the regulator would be justified in not following these preferences. This is clearly the case where the statute dictates a particular outcome or is interpreted in a specific way.

So, for example, in the 1990s in the water sector for England and Wales there was a debate over the use of pre-payment meters with consumer advocates being against their use and the regulator encouraging companies to experiment with them. The issue was resolved when a court ruled that such meters were not permitted under the legislation.⁴⁸

⁴⁶ . Steer to CMA, Social and Environmental Guidance to the Gas and Electricity Markets Authority (2011). Available at: <https://www.ofgem.gov.uk/ofgem-publications/74203/file37517-pdf>, Department for Environment, Food and Rural Affairs (DEFRA) *The government's strategic priorities and objectives for Ofwat* (2017). Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/661803/sps-ofwat-2017.pdf, BEIS *The Government's Strategic Steer to the Competition and Markets Authority* (2019). Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/818214/cma-strategic-steer.pdf

⁴⁷ . Para 22.

⁴⁸ . *R v Director General of Water Services ex parte Oldham Borough Council* 20 February 1998 (unreported).

The issue would be more difficult when the question revolved around tension between consumer views and either government guidance or policy. Depending on the statutory mandate, the regulator will have competing views and, probably, a discretion to come to a decision.

Neither situation applies here – consumer views are aligned to regulatory legislation and government policy.

The legislation is in broad terms and does not rule out consumer views on asset lives. There is no guidance or direction from federal or state governments on the future of natural gas and its relation to environmental policy. By contrast, in the UK a ban on gas heating for new homes from 2025 was announced, supported by the Committee on Climate Change.⁴⁹

d. Consumer views are wrong – behavioural economics

Behavioural economics and psychological studies establish that consumers are not the rational persons of economic modelling. They approach decision-making with inherent biases. In particular, the way that a question is framed may affect the way that they respond. This approach seems to lie behind the CCP's comment about consumers erring on the side of fairness when confronted with the question over asset lives.

There are two responses to this line of criticism. The first is that behavioural biases are not necessarily irrational or wrong. This is a point often made in the context of debates about switching suppliers in competitive energy markets. Zhu makes the point clearly:

“...the evidence acquired from several markets casts serious doubt on the proposition that consumers' searching and switching decisions necessarily reflect errors to be corrected rather than non-standard preferences formed in response to uncertain and complex choice situations.”⁵⁰

The second response is that there is evidence that consumers are more concerned with fairness in transactions than is assumed in conventional economic theories. CCP suggested that one of the reasons for the outcomes might have been that the discussion was framed in terms of “fairness”. This is a plausible explanation, as the framing of a question may influence the results.

There is, however, research that suggests people may be more generally other-regarding and this comes out of behavioural economics research into the ultimatum game. In this game there are just two players and it is played only once. Player A proposes to divide a sum of money with Player B. If Player B accepts the proposal, then it is implemented. If Player B refuses, then neither player receives anything and the game ends. Economic logic

⁴⁹ . Spring Statement March 2019. Available at: <https://www.gov.uk/government/speeches/spring-statement-2019-philip-hammonds-speech> Committee on Climate Change *UK Housing: fit for the future?* (2019).

⁵⁰ . M Zhu “Searching and Switching Across Markets: Is Consumer ‘Inertia’ the Result of a Mistake or a Preference?” in J Mehta (ed) *Behavioural Economics in Competition and Consumer Policy* (2013). Available at: <http://competitionpolicy.ac.uk/documents/8158338/8193541/CCP+economics+book+Final+digital+version+-+colour.pdf/30214557-cace-4b0b-8aac-a801bbde87bc>

suggests that Player A can offer as low a sum as possible and Player B will accept it because Player B will always be better off by accepting the offer.

Numerous experiments have been conducted with this game and the outcomes differ from economic logic. Dixit and Nalebuff summarise the results

“The median offer ... is in the 40-50 percent range; In many experiments a 50:50 split is the single most frequent proposal.”⁵¹

What this research suggests is that the responses of Jemena’s consumers may not simply be the result of a framing effect but may accurately represent a judgement about inter-generational fairness.

Some of the outcomes from the 2019 water price review in England and Wales, also suggest a consumer concern with fairness.

e. Consumer views are wrong

It is possible to argue that consumer views are simply wrong. In other words, although they have the correct information, they are applying the wrong principles, or they have made a mistake. Such an argument may well be correct if the question put to consumers is to predict the future. Here the question is not to predict the future but to give consumer views of what ought to be done in a possible future.

Taking the view that consumer views on this are wrong is very paternalistic.

Implications if consumer view is rejected or downgraded

One issue that must be addressed is the future consequences of making a decision which is contrary to expressed consumer views.

To the extent that companies are rational economic actors, they will want to see gains from a process of engagement. In a direct way, this was recognised by Ofgem when it created its stakeholder engagement incentive for distribution companies in the UK.⁵² If there are no direct rewards for companies, then there is less incentive for them to engage with customers.

Customer engagement is not a cost-free exercise and if companies discover that the regulator discounts the results of their customer engagement, they will be less inclined to devote time and resources to it. Such an outcome seems contrary to the AER’s views on consumer engagement.

A point made by the UK’s National Consumer Council when discussing deliberative public engagement was that the process should make a difference by which they meant, among

⁵¹ . A Dixit and B Nalebuff *The Art of Strategy* (2008) at 51.

⁵² . See <https://www.ofgem.gov.uk/publications-and-updates/decision-stakeholder-engagement-and-consumer-vulnerability-incentive-2017-18-electricity-distribution>

other things, that policy makers listen to and take account of participants' views.⁵³ One of the benefits of this was that people would be more enthusiastic about getting involved in the future. The converse of this point is that people are likely to be less enthusiastic about getting involved in the future if their views are not seen to be considered.

This also creates issues about the perceived legitimacy of the process. Regulation is no longer seen as a purely technocratic process which relies on the application of sophisticated economic analysis to regulatory issues. The scope of regulation has expanded to encompass social and environmental objectives. Insofar as these issues are not seen as susceptible solely to technical analysis but require some wider public input, then there is a clear case for greater consumer and stakeholder engagement.

Making decisions which go against the outcomes of such engagement will undermine trust and belief in the legitimacy of the process.

⁵³ . National Consumer Council/Involve *deliberative public engagement: nine principles* (2011). Available at: http://www.involve.org.uk/sites/default/files/field/attachemnt/Deliberative-public-engagement-nine-principles_1.pdf

Annex A – Customer Engagement in the UK water industry

Water industry – England and Wales

The water industry in England and Wales is composed of a series of privately-owned regional companies with a monopoly on domestic supply and a limited retail market for businesses since 2017. The price control process run by the regulator, Ofwat, is notoriously time consuming and resource intensive for all the parties involved. One of the consequences of this system, at least as far as Ofwat was concerned, was that companies focused their attention on relationships with the regulator. External reviews of Ofwat also came to this conclusion and Ofwat was also frustrated with the role of the consumer advocate: CC Water.⁵⁴ Ofwat has instituted a procedure over the last two price controls in 2014 and 2019 which was meant to encourage companies to engage with their consumers when preparing their business plans for submission to Ofwat.

For the 2014 price review Ofwat required companies to engage with their consumers when designing their business plans.⁵⁵ To monitor whether this was done properly, companies were required to set up Customer Challenge Groups (CCGs). The CCGs were to have an independent chair and their membership was composed of a mix of charities, local authorities, private business owners and their representatives and also representatives from other relevant regulators, such as the Environment Agency. Ofwat's approach and the differing approaches of the companies allowed for variation in the work done by the CCGs. Ofwat was unhappy about the evidence for the strength of customer engagement in half of the initial business plans and requested further evidence.

Although there were some difficulties with this approach, Ofwat continued with it for the 2019 price review, although with some modifications.⁵⁶ Ofwat emphasised that customer engagement should not just happen at price reviews for companies – it should be a continuous process. The approach is similar: companies engage with customers; CCGs validate the companies' customer engagement and therefore the results of that engagement, but they do not validate business plans. Ofwat also emphasised that good quality customer engagement means engaging on longer-term issues.⁵⁷ One of the issues specifically mentioned for CCGs to address is whether the companies' business plans adequately consider and appropriately reflect the potential needs and requirements of future customers.⁵⁸ In terms of outcomes, there was a significant improvement as there were only four companies where Ofwat felt that customer engagement was insufficient.

⁵⁴ . E Heims and M Lodge Customer engagement in UK water regulation: towards a collaborative regulatory state? (2018) 46 *Policy and Politics* 81 at 93.

⁵⁵ . Generally, see Heims and Lodge at 88-9.

⁵⁶ . See Ofwat "Ofwat's customer engagement policy statement and expectations for PR19" (2016). Available at: https://www.ofwat.gov.uk/wp-content/uploads/2015/12/pap_pos20160525w2020cust.pdf

⁵⁷ . Ofwat *Ofwat's customer engagement policy statement and expectations for PR19* (2016). Available at: https://www.ofwat.gov.uk/wp-content/uploads/2015/12/pap_pos20160525w2020cust.pdf

⁵⁸ . Ibid at 25.

One of the outcomes of this approach is that several water companies have policies which involve an element of cross-subsidy between customers. All companies⁵⁹ offer social tariffs which may provide large discounts on bills, although this is subject to the companies consulting their customers on the acceptability of cross-subsidisation. Two water and sewerage companies (Northumbrian and Severn Trent) have committed to eradicating water poverty in their regions, while South West Water has made a commitment to address the issue by 2025 and United Utilities has committed to lifting 250,000 households out of water poverty by 2025. Almost all the companies have agreed or created mechanisms for external scrutiny of their activities, either through external advisory groups or undertaking BSI accreditation for inclusive service. There is also a range of partnership working going on with third sector organisations, local authorities and energy companies covering advice, assistance, training and access to the Priority Service Register. In addition, several companies have internal teams which are dedicated to affordability and vulnerability issues.

Water Industry - Scotland⁶⁰

By contrast to the position in England and Wales, in Scotland water is provided through a publicly owned company (Scottish Water), which has a monopoly on domestic supply, but there is a competitive business market. The market is regulated by the Water Industry Commissioner for Scotland (WICS). For the price review in 2014 an innovative Customer Forum was created which ultimately agreed Scottish Water's business plan.

The Forum was composed of three industry representatives, nominated by WICS and five consumer representatives, nominated by Consumer Focus Scotland. The chairman was a politician, who had been a member of the Scottish Parliament, a minister in the Scottish government and had local authority experience. WICS provided significant support for the Consumer Forum through briefing papers and meetings between the Chief Executives of WICS, Scottish Water and the chair of the Consumer Forum. The outcome was generally considered a success, with a tough price cap, and WICS accepted the negotiated business plan in its determination of Scottish Water's charges.

This was a radical process because it involved direct negotiation between consumer representatives and the company. This is in contrast to the position at the Civil Aviation Authority or the Federal Energy Regulatory Commission where the negotiations are between an incumbent and relatively large sophisticated customers.

⁵⁹ . Information in this section is drawn from <https://www.ofwat.gov.uk/regulated-companies/price-review/2019-price-review/business-plans/> (accessed 10/07/19) which gives links to all initial business plans submitted for the purposes of the price review.

⁶⁰ . See S Littlechild "The Customer Forum: Customer engagement in the Scottish water sector" (2014) 31 *Utilities Policy* 206; E Heims and M Lodge Customer engagement in UK water regulation: towards a collaborative regulatory state? (2018) 46 *Policy and Politics* 81.

Annex B: Terms of reference

I was asked to look solely at the regulatory depreciation issue in the context of Jemena's consumer engagement. I have not been asked to give my opinion on the substance of the matter, that is, the expected economic lives of Jemena's new assets.

The central question was what is the appropriate weight a regulator should give to transparent and direct consumer engagement in its decision making?

This report focuses on process issues. It examines why increasing customer engagement in regulatory decision making is seen as best practice, the difficulties with the idea of a single consumer interest, why there might be differences between consumer advocates and consumers and the how the results of consumer engagement should be considered by a regulator.

I have reviewed the material provided which describes Jemena's customer engagement process and the AER's draft decision on Jemena's proposal for regulatory depreciation and the overview of the access arrangement proposal.

Annex C: Professor Cosmo Graham: Qualifications and experience

I have been a Professor of Law at the University of Leicester since 1999 and am chair of the Essential Services Access Network (ESAN), a network of voluntary sector bodies, regulators and complaint handling organisations in the UK (<https://www.esan.org.uk/>).

I was a member of the Competition Commission from 1999-2008. Group Member for these inquiries: *The Supply of Banking Services to Small and Medium Sized Enterprises* (2002), *H + H Celcon and Marley Building Materials* (2002), *Cargill Inc. and Cerestar* (2002), *VNU Entertainment Media/Book Data* (2003), *Heinz/HP* (2006), *Store Cards* (2006), *South East Water* (2007)

I was a member of the European Commission's working group on vulnerable consumers in the energy sector between 2011 and 2015.

Since 1998 I have been Director of the Consumers and Essential Services Unit (<https://www.esan.org.uk/>) which explore the effects for consumers of regulation and provision of essential services. It is particularly concerned to highlight and improve the problems faced by people in a wide variety of vulnerable situations. The Unit was consulted by Ofgem during development of their Consumer Vulnerability Strategy.

I have written and research widely on the regulation of utilities and essential services, as well as public law and competition law. I have particular interests in the ways in which consumers have their views represented in the regulatory process and practical approaches to customers in vulnerable circumstances and complaint handling.

RESEARCH AND CONSULTANCIES

I have carried out research and consultancy work for a variety of organisations such as the European Commission, the Civil Aviation Authority, the Office for Legal Complaints, Ofcom and Ofgem. In the academic field, I have received research grants from the Economic and Social Research Council, the British Academy, Leverhulme Trust, eaga Charitable Trust and the Nuffield Foundation.

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