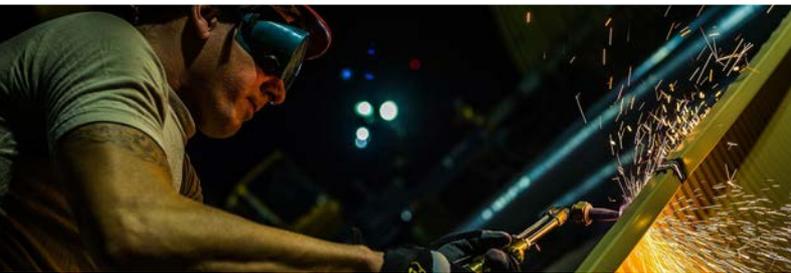




The Energy  
Charter

# THE ENERGY CHARTER In Operation

First Edition, January 2019



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# OVERVIEW

**The purpose of the Energy Charter is to progress the culture and solutions required to deliver a more affordable, reliable and sustainable energy system for all Australians. It is focused on embedding customer-centric culture and conduct in energy businesses to create better outcomes for customers.**

This document, the *Energy Charter in Operation*, sets out information for those businesses looking to commit to the Energy Charter. It also sets out the approach to governance, reporting and accountability that underpins the Energy Charter, in particular:

- **Our Guiding Values:** sets out how Energy Charter signatories are to approach the Energy Charter.
- **Joining the Energy Charter:** outlining the commitments those who wish to join the Energy Charter will need to make.
- **Governance Structure:** the CEO Council, Industry Working Group, End-User Consultative Group and Energy Charter Director.
- **Reporting Requirements:** the reporting timetable, measures and metrics, and maturity model self-assessment tool.
- **Accountability Framework:** the independent Accountability Panel and the Accountability Panel Host.

## Contact details

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## Energy Charter in Operation: Governance and Accountability Framework





## Our Guiding Values

The Energy Charter Guiding Values identify how Energy Charter signatories are to approach the Energy Charter.

- Be invested, make a difference**

Signatories should give life to the spirit and intent of the Energy Charter and make a real difference. Signatories should contribute to the Energy Charter’s development and invest in the conversations and initiatives that will drive change for better customer outcomes.
- Be open, learn, improve**

The Energy Charter is about supporting continuous improvement and that requires openness. Openness to seeking feedback, to listening, to viewing the world differently and to learning. It is also about transparency and opening up to be accountable.
- Think big, be bold**

Signatories should think big, try different approaches and ‘think outside the box’ when it comes to applying the Energy Charter. This may be in ways of working, trying new approaches to challenges or exploring new solutions. Irrespective of whether it succeeds, the learnings will be invaluable.



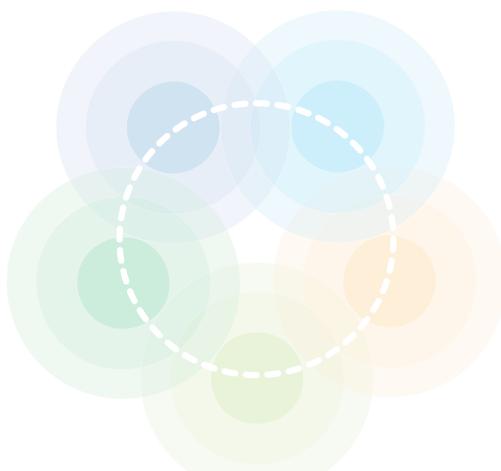
# JOINING THE ENERGY CHARTER

**Adoption of the Energy Charter is voluntary. All energy businesses are encouraged to join, regardless of where they are in the supply chain. This applies equally to conventional and new energy businesses.**

Energy business participation in the Energy Charter requires that the CEO of the business provide a signed letter of commitment to the Chair of the CEO Council which confirms the business's commitment to:

- The Energy Charter Vision, Purpose and Values.
- Implement and embed the Energy Charter Principles and Principles in Action within the business, recognising that they may apply in different ways for different businesses and that the energy sector is on a 'maturity journey' with respect to embedding a customer-centric culture.
- Make resources available to support the governance and operations of the Energy Charter, including:
  - Membership and participation on the CEO Council;
  - Providing senior representation to the Industry Working Group, forums and consultation processes; and,
  - Commitment to the funding agreement that provides for a financial contribution based on a tiered fee structure.
- Meet the obligations outlined within the *Energy Charter in Operation*, including:
  - Submitting a disclosure report against the Principles in Action on an annual basis; and
  - Providing an assessment against the maturity model within three months of the first evaluation report being published by the Accountability Panel.
- Ensuring that the signatory's Board actively oversees progress against the Energy Charter Principles.
- Work together with other industry participants to progress the initiative, subject all times to each business's compliance obligations under the *Competition and Consumer Act 2010*.
- Promote the Energy Charter to other energy businesses and stakeholders.
- Work with Energy Consumers Australia as the Accountability Panel Host, the independent Accountability Panel and other stakeholders to promote the objectives of the Energy Charter.

Please contact the Energy Charter Director to discuss how you can get involved.



# GOVERNANCE OF THE ENERGY CHARTER

**The governance arrangements are designed to provide for the efficient, ongoing management and promotion of the Energy Charter, to ensure that learnings and insights are shared, and that the Energy Charter develops over time.**

## Energy Charter CEO Council

Governance of the Energy Charter will be overseen by an **Energy Charter CEO Council** comprised of CEOs of all participating businesses and chaired by the CEO of a participating business on a rolling 12-monthly basis.

The CEO Council is responsible for:

- The strategic direction and operation of the Energy Charter.
- Promoting the Energy Charter within the energy sector and with its stakeholders.
- The process for the review and amendment of the Energy Charter over time.
- Decisions on collective resourcing, membership and fees.

The CEO Council will meet via teleconference four times a year and the CEO of Energy Consumers Australia will be invited to participate in CEO Council meetings.

## Energy Charter Industry Working Group

The CEO Council will be supported by the **Energy Charter Industry Working Group (IWG)** which will be comprised of senior representatives of all Energy Charter signatories and chaired by a participating business senior executive on a rolling 12-monthly basis. The IWG's Chair will be from a different company and a different part of the supply chain to the CEO Council Chair.

The IWG is responsible for:

- Recommendations to the CEO Council on the direction and operation of the Energy Charter.
- Consideration of Accountability Panel recommendations.
- Promoting the Energy Charter with the energy sector and stakeholders.
- Engagement with the End-User Consultative Group.
- Consultation with signatories, end-user representatives and other stakeholders.
- Providing a forum for ongoing partnerships and improvement and developing 'Communities of Practice' on specific focus areas for the Energy Charter.
- Oversight of the ongoing work program.



## Energy Charter Director

The Energy Charter will be managed by the **Energy Charter Director** who will be the first point of contact for Energy Charter matters, and will be responsible for:

- Execution of the 2019 work plan with the IWG while liaising with the Accountability Panel Host and the Accountability Panel.
- Development of a strategy and work plan for 2020 and beyond.
- Supporting signatory businesses in their adoption of the Energy Charter.
- Managing the day-to-day operations of the Energy Charter including responding to inquiries, liaising with existing and potential signatories and other stakeholders, and administering funding arrangements.
- Working with and supporting the CEO Council, IWG and End-User Consultative Group.
- Ensuring the voice of the consumer and end-user is sought and taken into account in ongoing work-streams, including through Energy Consumers Australia, End-User Consultative Group and broader stakeholder engagement.

## End-User Consultative Group

In developing the Energy Charter, consumer advocates and other end-user representatives, including small and large businesses, provided feedback and guidance via an **End-User Consultative Group (EUCG)**, chaired by Energy Consumers Australia. This group will reconvene in 2019 with updated 'Ways of Working'. Its role will be to work collaboratively with the IWG to provide:

- Input on ongoing Energy Charter development.
- A barometer of consumer and community expectations.
- Feedback to the Accountability Panel as required.
- Advice on broader stakeholder engagement plans for the initiative.
- Feedback on ongoing operational matters where required.

## Energy Charter review

The Energy Charter will need to be periodically reviewed and improved to reflect changing expectations and learnings. The first review will follow the first Accountability Panel Evaluation Report, which recognises that experience from the first year of reporting will inform the Energy Charter in subsequent years.

# REPORTING REQUIREMENTS

**Energy businesses who commit to the Energy Charter are required to publicly report against the Principles and Principles in Actions, outlining how they are meeting or making progress towards their Energy Charter commitments. The Principles are summarised in Appendix One: The Energy Charter at a Glance.**

The commentary that accompanies each Principle provides important context and sets out the spirit and intent for each Principle and Principle in Action. As such, each Principle and Principle in Action should be read with and interpreted in light of the accompanying commentary.

This public disclosure enables all signatory businesses to be evaluated by an independent panel and stakeholders more broadly. When reporting against their Energy Charter commitments, energy businesses are required to use measures and metrics where possible to evidence the statements made in their disclosure.

## Disclosure timetable

The first version of the Energy Charter takes effect from **1 January 2019**.

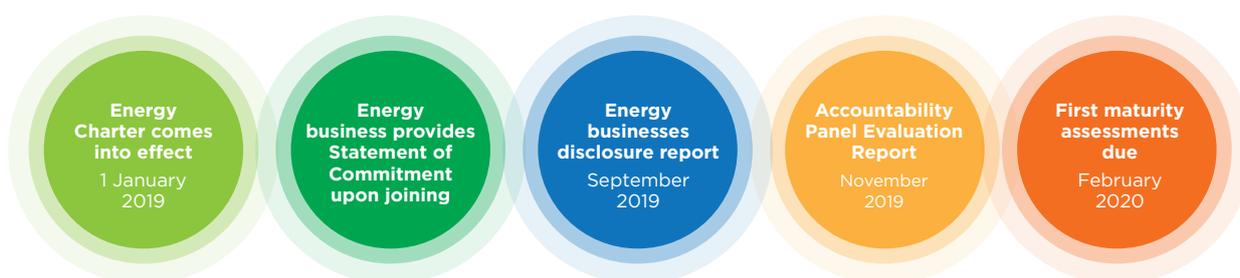
While the annual reporting period of the Energy Charter is **1 July to 30 June**, in the first year the minimum reporting period is **1 January 2019 to 30 June 2019**.

Participating businesses are required to publish and lodge their first year disclosure report by **30 September 2019**. These disclosures will be required to be signed off by their CEO or Board, similar to the process for annual reports.

These company disclosures will be evaluated and assessed by the independent Accountability Panel which will prepare an assessment report between October and November, with a final report published by **30 November 2019**.

Within three months of receipt of the first Accountability Panel Evaluation Report, participating businesses will be required to provide a maturity self-assessment as identified later in this section.

**Figure 1: Reporting Timetable**



## Measures and metrics

Energy businesses will be required to provide measures and metrics to evidence progress against the Principles and Principles in Action, and how they translate as improved customer outcomes. These measures can include a mix of lead and lag indicators and may be qualitative or quantitative in nature.

The Energy Charter will complement rather than replicate existing regulatory reporting obligations. Where possible there will be consistency in reporting, both across the supply chain and over time.

Energy businesses in Australia collect data and information and report on a range of performance measures. In 2019, participating energy businesses will use existing measures and metrics they already collect to report against the Energy Charter Principles in Action. In addition to internal measures, there are a number publicly available, whole-of-sector and individual business metrics, that indicate performance against the Energy Charter Principles. For example, Energy Consumers Australia, the AEMC, the AER and state ombudsmen publish data on customer satisfaction, price movements, reliability, value for money and complaints.

Energy businesses will have the flexibility to report additional information should they wish. For example, they may choose to report against customer segment types, or on a state by state basis should that information be available.

It is recognised that some information that supports an energy business's disclosure may be commercial or sensitive in nature, so a limited amount of confidential information can be submitted to the Accountability Panel to evidence performance against the Principles in Action. In order to implement the most efficient and comparable approach to reporting against Energy Charter Principles in Action, disclosure templates will be developed.

### Further development of measures and metrics

The first year of reporting is important to inform the ongoing progress and implementation of the Energy Charter, and the quality and nature of reports will naturally evolve over time.

Measures and metrics for the 2020 reporting period will be informed by learnings, evaluations and recommendations coming out of the 2019 work and reporting experience.

During 2019 a work-stream will be undertaken to consider in more detail the measures and metrics that demonstrate how individual business performance is contributing to better energy sector performance and customer outcomes as a whole. Opportunities for commonality either across the supply chain or within a supply chain level, are being considered to enhance comparability of reports.

Consultation will be undertaken with industry experts, the EUCG and broader stakeholders on this workstream as it progresses.

## Maturity model

Energy company signatories are at different stages of maturity in relation to the Principles articulated in the Energy Charter. In 2019 a maturity model will be developed so that energy businesses can assess their maturity against the Energy Charter Principles by reference to articulated criteria (including possible measures and metrics), as well as indicating where on the maturity scale they intend to progress to, over what period and how they plan to achieve this progress.

Energy businesses are required to publish a maturity self-assessment **within three months** of receipt of the **first evaluation report** from the independent Accountability Panel. This timing is designed so that energy businesses can use the first year reporting experience and independent Panel Evaluation report to inform where they sit within the maturity model.

# ACCOUNTABILITY FRAMEWORK

**Accountability refers to how energy businesses who commit to the Energy Charter will be evaluated for their progress against the Principles and Principles in Action set out in the Energy Charter.**

It is critical that energy businesses are transparent and accountable for their disclosure reports and commitments. Development of the Energy Charter identified the importance of an independent process to evaluate and assess each signatory business's disclosures against the Energy Charter Principles, and to report on findings and make recommendations so as to encourage continuous improvement in customer outcomes by reference to the Energy Charter Principles.

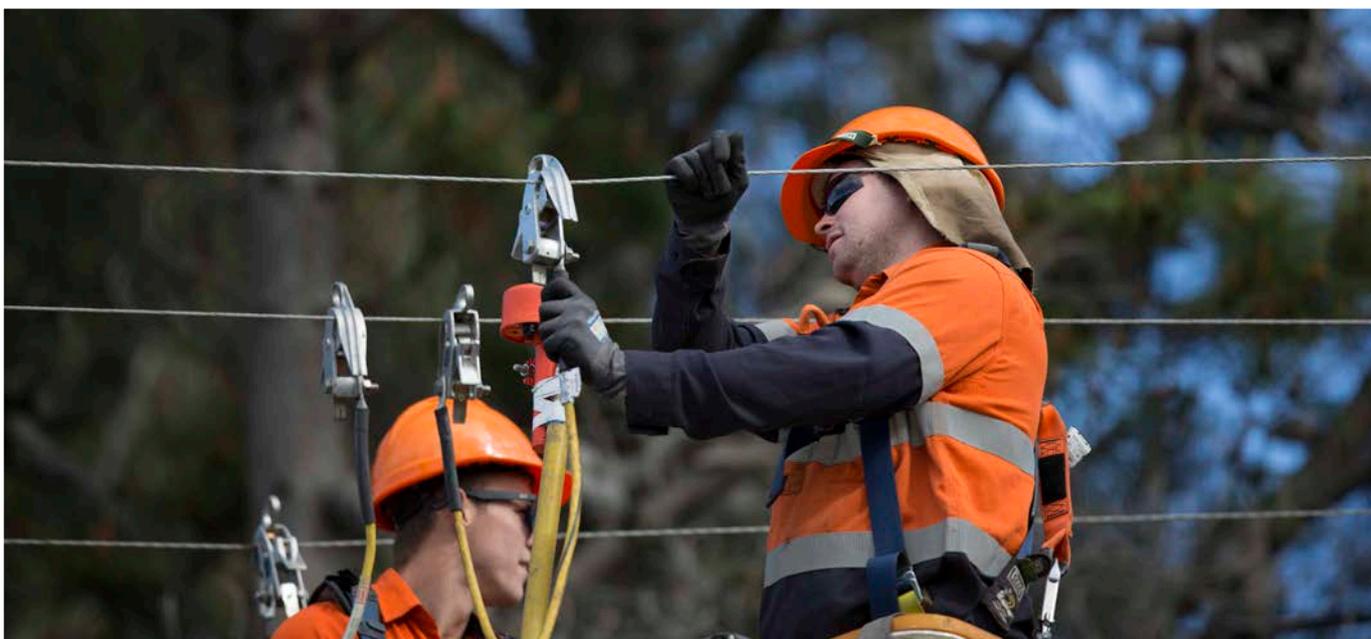
An independent Accountability Panel is responsible for this evaluation process. The Panel will be hosted by an independent organisation able to provide secretariat and organisational resourcing and support, with costs fully covered by fees from Energy Charter signatory businesses.

Energy Consumers Australia will be the Accountability Panel Host in 2019.

## Independent Accountability Panel

The Panel will have an important role to play in constructively evaluating performance of signatory energy businesses and the energy sector as a whole over time. It will add value to customers and energy businesses by identifying good performance and providing guidance on opportunities for improvement, rather than focus on 'box ticking' compliance.

The terms of reference for the Panel articulate the Panel's processes. These terms will reflect the Panel's assessment/evaluation role and opportunities for individual businesses to appropriately engage with, and receive feedback and guidance from, the Panel. This recognises that the Panel's findings will be an important part of facilitating the continuous improvement of businesses and the industry as a whole.



The Panel will be transparent, open and constructive, focused on:

- Continuous improvement of the Energy Charter signatories.
- Identifying appropriate industry ‘best practice’.
- Providing opportunities for exchanges of key learnings that draws on the various skills and areas of knowledge of different members.
- Considering what actions have been taken over the prior reporting period and the priorities and objectives the business has identified as part of its own Energy Charter Principles maturity assessment.
- Opportunities for the energy business to improve by reference to feedback from customers and stakeholders.

The opportunity for customer, consumer and other stakeholder input into the Panel’s evaluation process is a feature of the Panel’s terms of reference.

The Panel’s report will be published and made available to all interested parties via the Energy Charter website. The report will provide insight on both industry and business specific performance. The Panel has no directive authority over signatories, however, it will be able to identify opportunities for improvement and, over time, note where suggested actions have not been taken up.

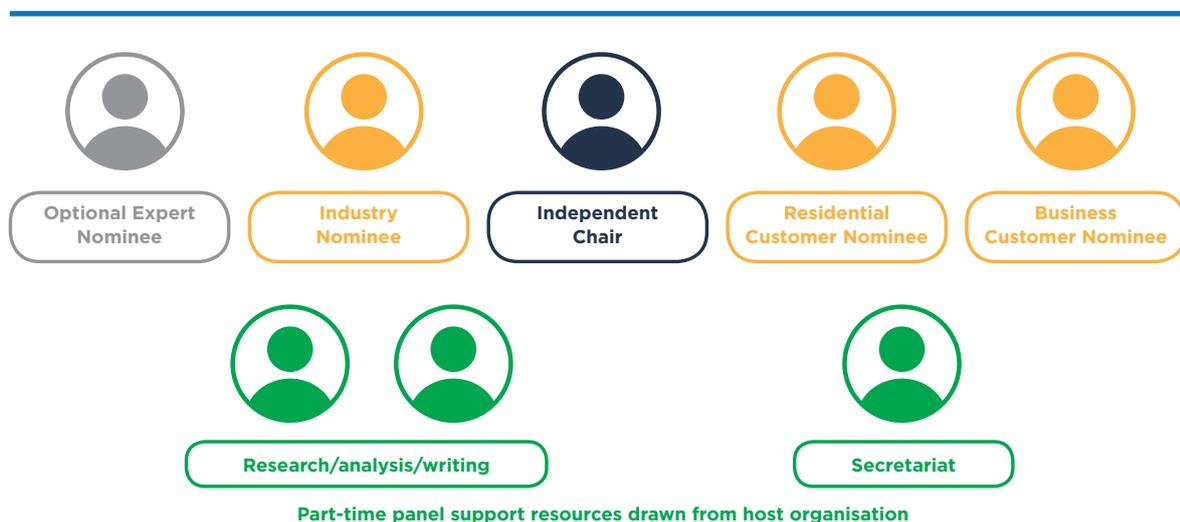
Energy Charter signatories are expected to engage their Board on the findings of the Accountability Panel to ensure that the Energy Charter is embedded in its culture over time.

### Composition of the Accountability Panel

The Panel will be a part-time panel of between three and five independent panellists, including:

- Chair of high standing and relevant expertise;
- Business and residential customer nominees;
- Energy industry expert; and,
- *Optional* independent expert nominee.

**Figure 2: Independent Panel**



## Accountability Panel Host

As noted above, the Accountability Panel Host for 2019 will be Energy Consumers Australia.

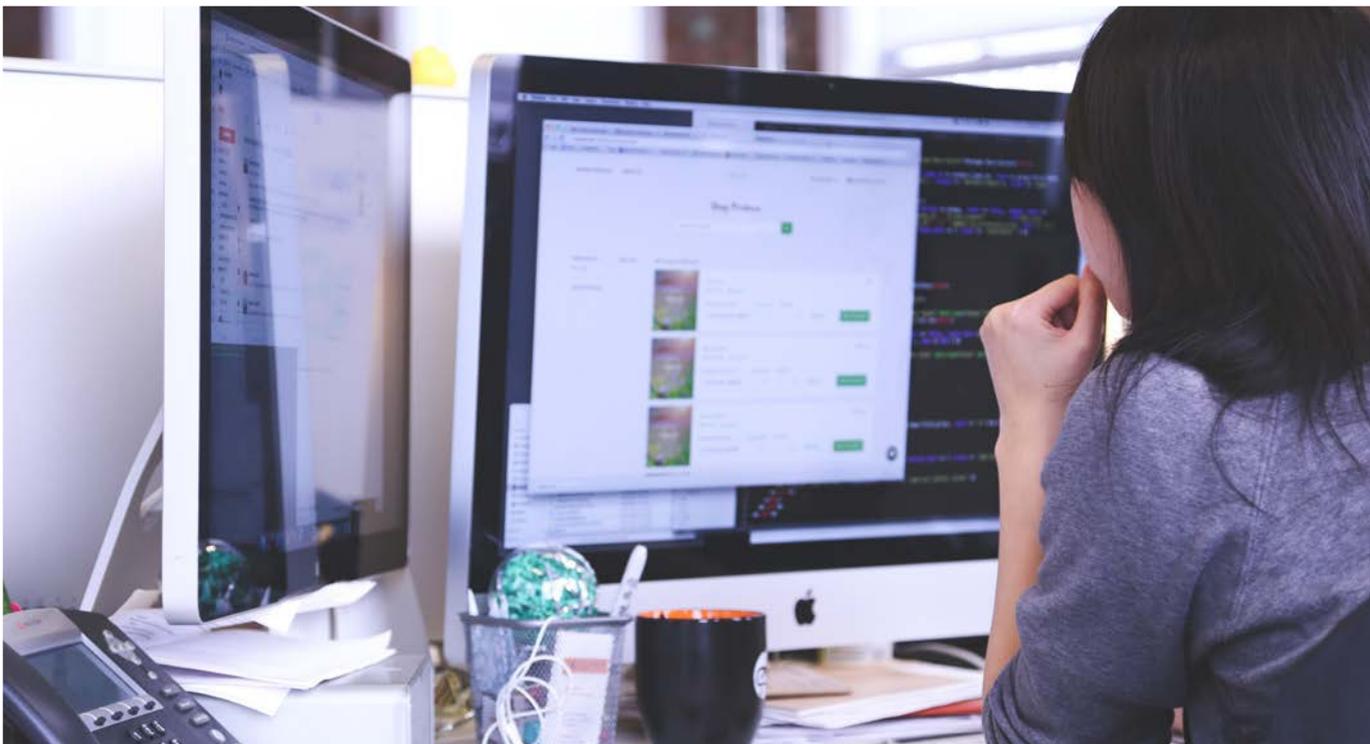
The Accountability Panel will be a joint appointment between Energy Consumers Australia and the CEO Council, consistent with Panel member position descriptions and appointment process.

Once established, the Panel will be independently supported by Energy Consumers Australia. As the Panel host, Energy Consumers Australia will have responsibility for:

- Provision of resourcing and secretariat support to enable the Panel to carry out its functions.
- Engagement of experts as required to support the Panel's work.
- Facilitation of customer, consumer and other stakeholder input into the Panel's assessment/evaluation process, particularly through the ongoing chairing of the EUCG.
- Administrative support in drafting and preparing the Panel's report.
- Facilitation of engagement between the Panel and Energy Charter businesses to best support ongoing continuous improvement against Energy Charter Principles.

The Panel host is independent of the Panel and of the Energy Charter signatories. The findings and recommendations of the Panel will not be taken to be those of the Panel host.

The Panel and hosting arrangements will be funded from Energy Charter signatory fees.



# APPENDIX ONE

## The Energy Charter at a Glance







[www.theenergycharter.com.au](http://www.theenergycharter.com.au)