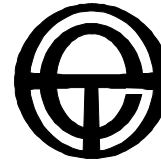


TOTAL ENVIRONMENT CENTRE INC.
LEVEL 4, 78 LIVERPOOL STREET, SYDNEY, NSW 2000
PO BOX A176, SYDNEY SOUTH 1235
Ph 02 9261 3437 Fax 02 9261 3990
www.tec.org.au



GREEN ENERGY CONSUMER COMMITTEE

Information Sheet No 4

December 2006

Dear Green Energy Consumer Committee Member,

TEC continues its campaign to reform the National Energy Market (NEM) both publicly and with current NEM consultations. We have also collaborated with the Australian Conservation Foundation and WWF-Australia to produce the latest *Green Electricity Watch* – read on!

NEMnews

The timing for the move to national regulation of distribution and retail keeps changing, and is now July 2007 for distribution networks, and it is still – so far – January 2008 for retail. The regulation of transmission networks is in the final throes of legislative changes and the Australian Energy Market Commission (AEMC) is releasing new Rules after a long process of public consultation. TEC has made many submissions to this process, emphasising demand management (DM) and the need for promotion of non-network solutions. In the process, we are increasing our understanding of this massive driver of polluting greenhouse emissions, while also establishing our credibility amongst decision makers.

The Energy Reform Implementation Group (ERIG), which we mentioned in the last newsletter, was set up by the Council of Australian Governments (COAG) and initially released an Issues Paper in July. Our submission focused on transmission and the need to promote non-network solutions such as renewable energy and DM. In November they produced a set of three Discussion Papers on transmission, market structures and financial markets. We have been pleased to see that some of our suggestions on DM have been picked up, and that NEM proposals are finally mentioning greenhouse emissions, indicating that the artificial closure of the NEM to climate change is beginning to break down.

TEC participated in a joint submission with other members of the National Consumers Roundtable, attended the Stakeholder Forum and sent in an individual submission as well. Surprisingly, there was a strong emphasis in the official papers on “demand side participation”, as they called it, as well as the need for national consistency in policies on greenhouse gas abatement! ERIG is due to report back to COAG at the end of the year.

Update on NEM/Green Energy advocacy

Other activities by Glyn Mather, our NEM/Green Energy Advocate, and Jane Castle, Energy Campaigner, since the last newsletter include:

1. *Green Electricity Watch 2006*: TEC with the Australian Conservation Foundation and WWF-Australia have completed the third Green Electricity Watch (GEW). All 'green' retail electricity products around Australia were surveyed and then ranked according to various criteria, such as the proportion of accredited GreenPower in the product. Reports are available at the interactive website www.greenelectricitywatch.org.au
2. *Interval Meters*: TEC wrote to the NSW Minister for Energy in August about the lack of a coherent policy on interval meters. COAG has made it clear that they expect interval meters to be installed across the NEM, but NSW is dragging its feet about designing a policy for the types of interval meters to be installed and the development of pricing regimes. We noted that, "Smart meters with intelligent pricing and information can reduce electricity use by 30% during critical peak periods and at least 5% at average times."
3. *Submission to the Ministerial Council on Energy about their paper on "Draft Effective Competition Criteria"*: This paper recommended a set of criteria for assessment of the degree of competition at the retail level. If it is deemed that a state has 'effective competition', there will be pressure for them to remove retail price caps. This could result in higher electricity prices, which may encourage more efficiency, but could also affect low-income consumers. TEC accepted the overall set of criteria, but recommended specific additions to more effectively represent the interests of green consumers. One of our major recommendations was that the accuracy of publicity about "green" products should be closely monitored.
4. *Submission to the AEMC Congestion Management Review*: This review unfortunately only examined congestion as a problem for transmission networks, but it is clear that congestion occurs most commonly in distribution networks. TEC proposed that the AEMC should consider the problem for networks overall. Congestion is a strong driver for DM, as it can be more cost effective to reduce demand than build new infrastructure. Distributed renewable generation can also assist with relieving congestion by providing back-up generation and since it is embedded within the system it relieves the pressure on the networks.
5. *Submission to NSW Independent Review and Pricing Tribunal on the review of Regulated Retail Tariffs and Charges for Electricity*: To promote the interests of green customers, we argued for a particular tariff mechanism, noted the advantages of DM for risk management, and again supported the rollout of advanced interval meters.
6. We have continued to participate in the national network of NGOs with a consumer and social welfare focus, the NEM Consumers Roundtable. This network is developing as a useful forum for discussion on environmental and social issues and offers greater opportunities to work across a wider front.

Environmental Interface Project Completed

Gilbert + Tobin have completed a final report for the Environmental Interface Project, with assistance from TEC. The report proposes the addition of environmental and social objectives, based on the UK model, to help ensure the states' existing environmental and social goals are recognised and elevated in the move to national regulation.

The report, titled *How Should Environmental and Social Policies be Catered for as the Regulatory Framework for Electricity Becomes Increasingly National?* is available on the TEC website (at www.tec.org.au). Jeff Angel and a member of Gilbert + Tobin presented the report to the Energy Market Reform Working Group in November. Jane Castle and Esther Abram then presented it to a group of energy decision makers in a forum hosted by Sustainability Victoria. Jane and Esther will continue to present the proposal to states as part of the campaign to have environmental and social objectives inserted in the National Electricity Law.

New Advocate

TEC welcomes a new member of our NEM Advocacy team, Esther Abram. She will be helping us to get our message across to energy and environment ministers, bureaucrats and regulators throughout 2007.

Work ahead

1. The major focus over the next couple of months will be advancing the findings in the reports from the consultants for the Environmental Interface Project and the Rule Change Project.
2. We will be following the progress of ERIG and its final report, and responding accordingly.
3. The Ministerial Council on Energy has released a suite of papers referring to the "2006 Legislative Package: Gas and Consumer Advocacy". We will be responding on the structure of the NEM and consumer advocacy.
4. The MCE's Retail Policy Working Group will be releasing a series of working papers outlining issues raised by the move to national regulation of distribution and retail. Access for embedded generation and real time pricing are two of the issues we will be keeping track of in this process.
5. In 2007 we will be commencing our project assessing the outcomes of NSW's 'D-factor' regulation, with a view to advocating for its adoption at the national level.
6. Also in 2007 we will be launching our interval meter project, assessing the benefits of relative technologies in order to inform the national roll-out of meters and ensure that the most effective technology is adopted.

If you would like to ask us about any of our advocacy work or any NEM matters, please email Glyn Mather at glyn.mather@tec.org.au or give her a ring at TEC on 9261 3437.

Thank you for maintaining your interest in the NEM,

A handwritten signature in black ink, appearing to read 'Jeff Angel', with a stylized flourish at the end.

Jeff Angel
Executive Director