



PO Box 1126, Sandy Bay, Tas 7006  
Phone 03 62310755 Fax 03 6223 6136

Arend Hardess  
Department of Resources, Energy and Tourism

E-mail: [Arend.Hardess@ret.gov.au](mailto:Arend.Hardess@ret.gov.au)

March 28, 2008

Dear Arend,

The Tasmanian Council of Social Service (TasCOSS), as a member organisation of the National Consumers' Roundtable on Energy, received a copy of the draft *National Framework on Energy Community Service Obligations* from consumer representatives on the RPWG Stakeholder Reference Group. As a peak body for Tasmania's non-government community services sector with the responsibility to represent the interests of low income, vulnerable and disadvantaged Tasmanians, TasCOSS welcomes the opportunity to comment on this draft framework.

Community service obligations (CSOs) are the major mechanism through which electricity supply remains both accessible and affordable to those living on low incomes or who are otherwise disadvantaged. For this reason, TasCOSS takes a keen interest in this framework and in its development, detail and use.

We are aware that the impetus for this review of energy CSOs and the draft framework came initially from the Energy Reform Implementation Group (ERIG) in the context of energy market reform. We are concerned that this has set the tone for the framework in that its focus is on the effects of CSOs on the *market* rather than on the provision of access to an essential service. Indeed the draft framework does not acknowledge the essential nature of energy supply and its vital role in individual and community health and well-being. In our view this must be a fundamental starting point for any discussion of the nature and role of CSOs, but one which is absent from this framework. Market distortion, in our view, is a secondary concern in relation to CSOs, with the primary concern being their effectiveness in ensuring that household energy supply is both affordable and accessible for low income, vulnerable and disadvantaged households.

In particular we are concerned that principle #5 – *CSOs should be designed to achieve their social policy objectives at the least possible cost* – focuses on economic effectiveness and cost rather than on the social effectiveness and outcomes of CSOs ensuring continuing access to energy for those in need.

In a communiqué from its meeting this month, the National Consumers' Roundtable on Energy called on all Australian jurisdictions to '*Ensure the delivery of community service obligations that guarantee accessibility and affordability (ie concessions) are not compromised by energy market reforms.*' TasCOSS supports this call and its implied focus on human needs as a priority over the needs of the energy market

TasCOSS is uncertain about the status of this draft framework – that is, are the principles intended to provide guidance only, or will jurisdictions be required to ‘sign on’ to the framework and therefore be required to adhere to these principles in designing and delivering CSOs? We trust that it is the former since we believe that governments should not be constrained in providing their citizens with access to essential services.

We are concerned that principle #8 – *‘Energy CSOs should be designed to minimise their effect on consumption patterns’* – is short-sighted in light of imperatives related to climate change and the use of electricity. While the commentary provided under #8 refers to not creating incentives ‘for sections of the community to dramatically increase their energy use’, the reading of the draft principle could equally refer to consumers decreasing their consumption. In the current climate, it would be foolish to limit the options of government to impose CSOs that would affect electricity consumption. Indeed it is likely that governments may intervene with CSOs related to tariff structures in order to facilitate demand side response – an example is a CSO requirement that inclining block tariffs (or time-of-use tariffs) be introduced to provide price signals to consumers to encourage energy efficiency and lower consumption. The mandatory roll-out of ‘smart meters’ in Victoria is a current example. Although not being carried out under the CSO rubric, some believe that ‘smart meters’ will facilitate demand side response to price signals and affect consumption patterns (although it is not certain that ‘smart meters’ will necessarily result in lower household consumption).

In our view, CSOs play a very significant role in maintaining universal access to essential services, and therefore it is vital that that role not be constrained or limited by the narrow remit of the market. There are broader principles concerned which include the fundamental human right to a standard of living adequate to maintain health and well-being.

We believe that CSOs should remain with jurisdictional governments since they are in a good position to respond to local conditions and to specific community and energy needs within their jurisdictions. However, we hope that this framework does not function as a constraint on governments, or indeed on businesses, in their delivery of assistance and equity through CSOs.

We hope that our comments on this draft framework are helpful.

Yours sincerely



Kath McLean  
Policy & Research Officer  
kath@tascoss.org.au