

## **TasCOSS National Electricity Market Consumer Advocacy Project (No. 245)**

### **Project Report for October-December 2007, January 2008**

This project, involving research and advocacy on national and jurisdictional electricity issues on behalf of Tasmanian domestic consumers (end users), commenced with funding from the Panel in July 2006, and has continued into the first half of 2007-08 on an interim basis. This report is the second for the 2007-08 year, and covers the period 1 October to 31 December 2007.

### **Participation in the national NEM consumer advocacy network**

TasCOSS has continued to play an active role, as the only Tasmanian participant, in the national network of electricity consumer advocates coordinated by the Consumer Action Law Centre. This has involved participation in two national telephone hook-ups in the reporting period and attendance at a meeting of the National Consumers Roundtable on Energy (the Roundtable) in Melbourne in October. At that meeting, the Roundtable heard presentations from, and held discussions with invited guests, including the Advocacy Panel; the AEMC (on its review of the effectiveness of competition in the Victorian energy market); and representatives from the Commonwealth (DITR) and from NERA Consulting on research and process concerning the proposed national roll-out of ‘smart meters’.

TasCOSS has also been involved in collaborative briefing of, and ongoing discussions with consumer representatives on national stakeholder consultative committees, specifically the Retail Policy Working Group’s (RPWG) *Stakeholder Reference Group*, and the Department of Industry, Tourism and Resources *Smart Meter Stakeholder Working Group*.

TasCOSS participated in a national telephone link-up in October with other councils of social service (COSS) utilities policy staff to discuss NEM issues affecting low income and disadvantaged consumers and the COSS responses to these issues.

### **Liaison with Tasmanian representative on MCE policy working groups**

In the reporting period TasCOSS met several times with the Tasmanian representative on the MCE Retail Policy Working Group (RPWG) and Smart Meter Working Group (SMWG) from the Tasmanian Department of Infrastructure, Energy and Resources. We met to discuss the RPWG working papers, consultation process, and proposed national regulatory details; the proposed national smart meter roll-out, as well as other issues of concern to low income, vulnerable and disadvantaged residential consumers in Tasmania.

### **‘Smart meters’ consumer consultation**

TasCOSS attended a consultation in the Sydney offices of NERA Consulting in November regarding the cost-benefit analysis of a national roll-out of electricity ‘smart meters’ being undertaken by NERA on behalf of the MCE. TasCOSS, along with consumer representatives from other jurisdictions, provided NERA consultants with consumer perspectives on the proposed functionality, value and use of ‘smart meters’ in domestic settings.

## **Tasmanian Energy Regulator's 2007 Electricity Pricing Determination**

In September, the Tasmanian Energy Regulator released the final decision from his *Investigation of Prices for Electricity Distribution Services and Retail Tariffs on Mainland Tasmania*. TasCOSS had previously made several submissions to the Investigation. The final decision saw significant increases in electricity prices approved for non-contestable customers (including households) with a 15.7% price increase from January 2008; a further 3.9% increase in July '08, and a 3.8% increase in July '09.

These substantial increases will have considerable impact on the budgets of low income households in Tasmania and are likely to contribute to increased financial hardship for many. Consequently, since the announcement TasCOSS has been active in advocating for ameliorative measures including:

- an increase in the electricity concession (available in Tasmania to Pension and Health Care Card holders),
- the introduction of a state-funded retro-fitting program for low income households, and
- a reform of the existing electricity tariff structure (currently a declining block tariff with a high standing daily service charge which penalises low consumption users).

TasCOSS met with both the Tasmanian Energy Regulator and the State Treasurer to advocate for these measures, and was pleased that the Treasurer agreed to a 70% increase in the electricity concession to re-instate the value of the concession that had not increased (except for a GST adjustment) since 1995. The Treasurer also announced that the concession would henceforth be indexed to the CPI.

While distribution and retail pricing remain State matters, the Tasmanian decision is both informed by and has implications for the national market. We therefore see participation in the pricing investigation as part of the core business of our electricity consumer advocacy project.

### ***Public Benefit Assessment of Full Retail Contestability in Electricity in Tasmania***

At a regular meeting of the Tasmanian Energy Regulator's Energy Customer Consultative Committee (of which TasCOSS is a member) in November, members received a briefing from the Regulator's office on its current work: a *Public Benefit Assessment of Full Retail Contestability in Electricity in Tasmania*. The Committee engaged in discussions with the Regulator and his staff regarding the assessment, its nature and the role of consumers.

TasCOSS plans to participate in the assessment by considering and responding to a draft report (which will be available for public comment in April '08), and by informing and consulting its members and other consumer stakeholders about the assessment and about consumer experiences with full retail competition in other jurisdictions.

### **Australian Energy Regulator's consumer consultative arrangements**

TasCOSS made a joint representation with other members of the National Consumers Roundtable on Energy to the Australian Energy Regulator (AER) in December regarding the

AER's arrangements for future engagement with consumers. The Roundtable recommended that the AER establish a standing consumer consultative committee like those maintained by most jurisdictional regulators and by the Australian Competition and Consumer Commission. The representation resulted in a positive response from the Chair of the AER and a commitment to further consultation with the Roundtable on the development of a suitable model for national consumer engagement.

### **Advocacy Panel 'outcomes and outputs workshop'**

As a requirement of further funding, TasCOSS attended a one-day workshop held at Melbourne Airport and run by ACIL Tasman on 'outputs and outcomes' of advocacy-capacity building projects funded by the Advocacy Panel. TasCOSS then submitted to the Panel a revised 'outputs and outcomes' statement for the January-June '08 period.

### **Submissions**

No written submissions were made in this period.

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