

Consumer Action Law Centre

**Report to the National Consumers Electricity Advocacy Panel (the Advocacy Panel)
Pursuant to Funding Agreement dated 27 November 2007 and 17 January 200820
Application 249**

NEM NETWORK COORDINATOR AND RESEARCHER

1 January 2008 – 31 March 2008

1. Project Overview

The NEM Network Coordinator and Researcher (the **Project**) is made up of the following ongoing components:

- Network – maintaining a network of national stakeholders and continuing to develop mechanisms for information building and sharing.
- Communication via telephone conferences – undertaken to link up advocates, including those funded by the Advocacy Panel, from around Australia.
- Newsletter – the publication of a bi-monthly email newsletter providing information about NEM regulatory processes that affect small end-users of energy, and current work undertaken by NEM Network members.
- Consumer roundtables – enable NEM Network members to share information, identify areas of consensus and develop individual and joint strategies to enable both individual and collaborative representations to the MCE and to facilitate direct meetings with national regulatory bodies.
- Advocacy – develop mechanisms for the delivery of collaborative advocacy in relation to the NEM, as well as providing written submissions to the Ministerial Council on Energy (**MCE**), the Australian Energy Market Commission (**AEMC**), the Australian Energy Regulator (**AER**) and other relevant energy regulatory and governance consultations.

Janine Rayner has been the Project Coordinator during the funding period. Janine is working on the Project jointly with Gerard Brody Director, Policy and Campaign. The Project has additionally been overseen by Consumer Action co-CEO Catriona Lowe.

2. Project Tasks Completed

2.1 Network and teleconferences

The Project has established a national network of consumer, welfare and environment organisations (**NEM Network**) since its inception in 2004. During the reporting period, the Project continued to:

- develop effective communication between members of the NEM Network;
- develop knowledge building mechanisms via bi-monthly telephone conferences, an on-line chat group, face-to-face meetings and communications around written submissions; and
- enhance the profile of the NEM Network.

In particular:

- NEM Network members participated in joint research and submission writing.
- We facilitated the 7th National Consumer Roundtable in Canberra on 17-18 March.
- NEMCHAT, the online email group set up to assist NEM Network members to communicate in relation to the MCE reform process, has continued to be used by NEM Network members to update other NEM Network members on outcomes of a number of MCE consultations. Hundreds of messages have been posted on NEMCHAT during the reporting period. NEMCHAT currently has 40 members nationally.

2.2 On the Wire

The sixteenth edition of *On the Wire* was published and distributed on the 8 April. A copy is attached. The next edition will be released in June 2008.

2.3 Roundtables

The first roundtable for 2008 was held on 17 and 18 March in Canberra and was jointly hosted by Consumer Action and the Consumer Utilities Advocacy Centre (**CUAC**). The agenda for, and communiqué from, the Roundtable are attached.

The Roundtable is a unique meeting of community sector organisations which fosters the development of advocacy tools that organisations can use to ensure that consumers take a strong voice in the debate on national energy market reform. Participants commended the face-to-face meeting format of the Roundtables as a necessary means by which to consolidate ideas and plan advocacy approaches on a national scale. The face-to-face meetings also support maximisation of the other communication tools established by the project – NEMCHAT and phone link-ups – by cementing relationships.

The Roundtables provided an important opportunity for participants to meet with and discuss energy market reforms with key members of regulators and government. The Roundtable's theme was *"How has our landscape changed? The new Government's impact on the energy regulatory and policy agenda"*.

Discussion focussed on:

- the need to maintain and strengthen of consumer protections in the new national electricity and gas rules given the immaturity of the national energy market;
- the import for consumers of the cost-benefit analysis of the COAG mandated national rollout of smart meters (advanced metering infrastructure);

- reiteration of the need to consult consumers closely and effectively in national energy market reform processes, ensuring that all classes of consumers and from each jurisdiction are adequately heard;
- the development of a best practice framework for the delivery of community service obligations;
- the impact on national energy markets of the proposal to privatise NSW energy assets;
- improving and accelerating efforts for energy efficiency, demand management and demand side participation in the national energy market.

Speakers at the Roundtable included representatives from:

- the Australian Energy Market Commission on its review of demand side participation in the national energy market, including the rule change proposal from the Total Environment Centre aiming to facilitate demand management by placing requirements and incentive on transmission companies;
- the National Energy Market Branch of the Department of Resources, Energy and Tourism on the Commonwealth's agenda for energy reform, including:
 - the likely impact of the new Council of Australian Government Working Groups on climate change and water, infrastructure, and business regulation and competition;
 - the transfer of energy retail and distribution (non-economic aspects) regulation to the national framework;
 - national gas market developments, including objectives and main initiatives of national gas market reform;
 - the new Mandatory Renewable Energy Target (**MRET**) and its interaction with national energy reform;
 - the proposed emissions trading system; and
 - the Government's processes for pursuing energy efficiency initiatives.
- the Australian Energy Regulator on its approach to the first review of electricity distribution prices (NSW/ACT review), including its development of guidelines to incentivise demand management and the operation of the new information-gathering powers.

The next Roundtable will be held in Melbourne in June 2008 and will coincide with a Masterclass funded by the Advocacy Panel to provide members of the National Consumers Roundtable with professional development in relation to the Government's Emissions Trading Scheme and climate change policies.

2.4 Advocacy

The Project has undertaken media advocacy during the reporting period. This included:

- a media release was generated regarding the Victoria's Essential Services Commission 'Retailer of Last Resort' price increases;
- the first public release of a communiqué from the National Consumers Roundtable on Energy; and
- media commentary on the Final Report of the Australian Energy Market Commission on its review of competition in Victorian energy markets.

The Project has additionally undertaken direct advocacy, by seeking meetings and making representations to politicians and government officials. In addition, advocacy activity has included letter writing, meetings and attending workshops with stakeholders, as follows:

- a meeting with the Federal Minister for Energy, Martin Ferguson, to discuss consumer protections in the national energy market;
- a meeting with an adviser to the Federal Minister for Climate Change, Penny Wong, to discuss the importance of consumer protections in mitigating the impact of climate change;
- a meeting with an advisor to Victorian Energy Minister for Energy to discuss the implications of the AEMC's Second Final Report recommendations;
- a meeting with Victorian Climate Change Minister's chief of staff and advisor to discuss impacts of climate change policies on consumers;
- a meeting with the Victorian Minister for Planning to discuss Victoria's energy concessions program;
- attendance at a forum held by the Victorian Department of Primary Industries regarding the Victorian competition review;
- attendance at a consultation held by, and provision of a verbal submission to, the Australian Competition and Consumer Commission regarding carbon offset standards for consumers;
- attendance at a forum held by the Victorian Department of Primary Industries to discuss its proposed rule change regarding total factor productivity regulation.
- participation in a workshop to discuss the MCE's cost benefit analysis of a smart meter rollout in Sydney; and
- numerous other meetings and discussions with government officials from the Victorian Department of Primary Industry and the Federal Department of Resources, Energy and Tourism.

In addition, the Project attended meetings of:

- the Essential Services Commission, Consumer Consultative Committee; and
- the AGL Consumer Council.

The Project also attended meetings with the Victorian representative to the MCE's Retail Policy Working Group (**RPWG**) to further understand the progress and processes currently being reviewed and implemented in relation to the national framework for distribution and retail regulation.

The Project has delivered five (5) submissions to regulatory processes during the reporting period, included below. Additional submissions were made to the Advocacy Panel.

(a) *Retailer of Last Resort Customer Charges – Draft Decision*

Consumer Action provided further comment to the Essential Services Commission regarding the increase of Retailer of Last Resort (**RoLR**) fees.

Specifically, our submission supported the Commission’s decision to deny each of the host retailers’ proposed RoLR customer charges which were significantly varied from the current RoLR fees and those proposed by the Commission itself. We did not however support the Commission’s decision to increase the RoLR fee, instead recommended its abolition or the introduction of an alternative means of businesses recovering costs.

A copy of the submission is attached.

(b) MCE National Framework, Energy Community Service Obligations

Consumer Action provided comment in relation to the MCE’s investigation into a National Framework for Community Service Obligations (**CSO**), with the intention of jurisdictions retaining the obligation for delivery. Consumer Action’s submission argued that the MCE must maintain a focus upon retaining and growing CSOs rather than reforming or substituting them, or reducing their effectiveness in ensuring consumers maintain access to an affordable energy supply.

A copy of the submission is attached.

(c) Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in Victoria – Second Draft Report

Acknowledging that the Australian Energy Market Commission’s (**AEMC**) recommendation was for the deregulation of retail pricing, Consumer Action raised strong concerns regarding the Commission’s transitional policies for the protection of consumers. We argued that consumers should have access to information regarding tariff structures and rates across all products available in the market to ensure active participation in the purchasing of energy. We also raised concerns regarding a price monitoring function stating that it must be accompanied by a defined role for government to re-enter the market should findings of unfair profiteering be made.

We supported the Commission’s proposal for a consumer awareness and education campaign, as well as its recognition of the need for better enforcement of consumer protections, particularly marketing misconduct. We also highlighted the need to extend the consumer protection framework to enable consumers to opt out of direct marketing campaigns.

A copy of the submission is attached.

(d) Victorian Government - Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in Victoria

Consumer Action also responded to a call for submissions from the Victorian Department of Primary Industries regarding the removal of retail price regulation. We raised similar concerns to those outlined above in an email to the Department.

(e) Productivity Commission – Joint Submission

Members of the National Consumers' Roundtable on Energy joined together to provide a submission to the Productivity Commission's Review of Australia's Consumer Policy Framework. Consumer Action facilitated the joint submission. Issues raised by the submission included:

- Complexity in product offerings;
- Energy and the environment;
- Industry-specific energy consumer protections;
- Hardship programs;
- Improving competition in the market;
- National Ombudsman;
- Financial counselling; and
- Retail price caps.

A copy of the submission is attached.

(f) Advocacy Panel

The Project also provided a submission to the Advocacy Panel on its Draft Report on its Funding Requirement for 2008/09.

As we have previously provided this submission to the Panel, we have not attached a copy here.