

Consumer Action Law Centre

**Report to the National Consumers Electricity Advocacy Panel (the Advocacy Panel)
Pursuant to Funding Agreement dated 25 June 2007
Application 249**

NEM NETWORK COORDINATOR AND RESEARCHER

1 October 2007 – 31 December 2007

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 (see **2.4.f** below).
- Consumer Action hosted a teleconference on 18 October to finalise preparation for the November Roundtable, to discuss consultation papers released by the Advocacy Panel and to finalise a joint response to an MCE discussion paper on the proposed Australian Energy Market Operator.
- 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 fifteenth edition of *On the Wire* was published and distributed on the 19 December. A copy is attached. The next edition will be released in February/March 2008.

2.3 Roundtables

The final roundtable for 2007 was held on 23 and 24 October in Melbourne and was jointly hosted by Consumer Action and the Consumer Utilities Advocacy Centre (**CUAC**). The agenda for the Roundtable is 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 draft agenda of the October roundtable includes:

- an update from members on State perspectives;
- a speaker from NERA Economic Consulting, who is undertaking the consumer element of the cost benefit analysis of a national smart meter rollout;

- a briefing from the Department of Resources, Energy and Tourism on its smart meter rollout cost-benefit analysis;
- an update on the Reliability Panel's release of its interim Comprehensive Reliability Review;
- a discussion on energy pricing, equity and the environment;
- a presentation by Peter Nicholas from the Department of Resources, Energy and Tourism on the National Electricity Law and National Electricity Rules (economic regulation of distribution); and
- a presentation from the AEMC on its review of the effectiveness of competition in Victorian retail energy markets.

Future roundtables are planned for March, June and October 2008. The March Roundtable will be held in Canberra to coincide with a parliamentary sitting and to facilitate direct consumer advocacy with the new Federal Government.

2.4 Advocacy

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

- Gerard Brody appearing on ABC 774, 3AW and Adelaide 5AA to discuss the release of *'Coercion and harassment at the door; Consumer experiences with energy direct marketers'* the launch of our 'Do Not Knock' campaign in response to the issues facing consumers with increased energy marketing activity;
- a letter to the editor was published in the Australian Financial Review in relation to the AEMC Draft Report;
- a media release was generated regarding the increases to Victoria's energy price rises, and reported on in a number of media sources; and
- a media release was generated regarding the AEMC's First Final Report on the effectiveness of competition in Victoria, and reported on in a number of media sources.

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:

- Letters to both the AEMC and the AER advocating for the inclusion of a consumer consultative committee in both these forums;
- Meeting with advisor to Victorian Minister for Energy, Andrew Dillon to discuss the implications of the AEMC's First Draft Review recommendations;
- Meeting with the executive director of the Energy Retailers' Association of Australia;
- Numerous meetings with AEMC regarding the Victorian competition review;
- Participation in a Smart Meter Workshop – Minimal Functionality, Melbourne;
- Participation in a Smart Meter Workshop – Consumer issues, Sydney;
- Participation in a Smart Meter Workshop – Draft report on findings of Phase 1, Sydney; and
- Participation in intensive consultations on the draft National Electricity Law.

In addition, the Project attended meetings of:

- the Energy and Water Ombudsman of Victoria, Case Handling Advisory Committee;
- the Essential Services Commission, Consumer Consultative Committee; and
- the AGL Consumer Council.

The Project also attended meetings with the Victorian SCO representative for the 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 six (6) submissions to regulatory processes during the reporting period, included below. Some of these have been written jointly with other NEM Network members, additional submissions were made to the Advocacy Panel.

(a) Retailer of Last Resort (RoLR) – Questions and Answers / Letters of Notification

Consumer Action provided further comment on the Essential Services Commission processes for communicating with consumers in the occurrence of a RoLR event.

Our submission highlighted our concerns relating to the language used to inform consumers of the need to switch retailers, and the failure to inform consumers that a fee applies. We recommended clear language to inform consumers and additional information to enable them to actively choose an alternate retailer if required.

We also condemned the application of the RoLR fee and will continue to lobby this point.

A copy of the submission is attached.

(b) Australian Energy Market Commission (AEMC) - Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in Victoria – First Draft Report

The Project provided a detailed submission to the AEMC's First Draft Report of the review of the effectiveness of competition in energy markets. This submission examined both the AEMC's process and methodology for examining the effectiveness of retail competition, as well as the AEMC's proposed findings. In addition, we provided comments about consumer issues with energy direct marketing. These were based on our report, *Coercion and harassment at the door: consumer experiences with direct marketers*. A copy of the submission (attached) can be found at:

<http://www.aemc.gov.au/pdfs/reviews/Review%20of%20the%20effectiveness%20of%20competition%20in%20the%20gas%20and%20electricity%20retail%20markets/final%20draft/submissions/005Consumer%20Action%20Law%20Centre.PDF>

(c) COAG Smart Meters functionality review - Phase 1

Consumer Action provided a submission to the Regulatory Impact Statement released for public consultation on the national minimum functionality for smart meters. We highlighted a number of concerns with the proposed minimum functionality, including the implications of remote connect / disconnect functionality in relation to consumers experiencing financial hardship.

A copy of the submission (attached) can be found at:

<http://www.mce.gov.au/index.cfm?event=object.showContent&objectID=36AFDE19-F0EC-E0F1-6161CB7903EB88CD>

(d) Australian Energy Market Operator (AEMO)

Consumer Action provided a joint submission with a range of consumer groups to the MCE Standing Committee of Officials (**SCO**), in response to its AEMO consultation paper. We argued that, for AEMO to function effectively, its operations need to be aligned with government energy policy and, as such, it needs to be wholly owned by government. The submission strongly opposed proposed industry ownership structure models.

A copy of the submission can be found at:

http://www.mce.gov.au/assets/documents/mceinternet/Australia_Consumer_Organisations_and_Community_Groups20071220154825.pdf

(e) Advocacy Panel

The Project also provided multiple submissions to consultations undertaken by the Advocacy Panel. These include:

- Advocacy Panel draft strategic plan;
- Advocacy Panel funding proposal for 2008/09; and
- Consultation on the evaluation of Advocacy Panel funded projects;

As we have previously provided these submissions to the Panel, we have not attached copies here.