

	<p>A non-profit, volunteer organisation, advocating to advance the interests of consumers in Queensland</p> <p><i>Secretary:</i> <i>Max Howard</i> <i>33 Dracon Street</i> <i>Regents Park Q 4118</i></p> <p><i>Telephone: 0419 678 395</i></p>
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14 April 2004

**SUBMISSION TO THE USER PARTICIPATION WORKING
GROUP ON THE DISCUSSION PAPER -
“IMPROVING USER PARTICIPATION IN THE AUSTRALIAN
ENERGY MARKET”**

BACKGROUND

The Queensland Consumers Association (QCA) welcomes the opportunity to participate in this important consultation process and gratefully acknowledges the financial assistance provided by the National Consumers Electricity Advocacy Panel for a QCA representative to prepare for, and participate in, the Working Group’s workshop in Sydney on 7 April 2004. Without this assistance QCA, a volunteer only organisation, would have been unable to participate in this consultation process which to be successful requires the involvement of consumer organisations from all parts of the country.

Although the Discussion Paper deals with several other issues, this submission focuses on interval metering, the issue of most immediate relevance to Queensland consumers. However, QCA notes, and supports, the Working Group’s recognition (p11) that “end users must be equipped with the skills and opportunities to understand and engage in demand side responses”.

QCA’s views on interval metering are provided below.

GENERAL COMMENTS ON INTERVAL METERING FOR HOUSEHOLD CONSUMERS

Many of the suggested benefits from the mandatory introduction of interval meters may be achievable in other ways. Therefore, it is essential that appropriate alternative approaches be identified and their advantages/disadvantages and costs and benefits be fully and realistically assessed before any costly and far-reaching decisions are made on mandatory introduction for small domestic consumers.

Many of the suggested benefits from the mandatory introduction of interval meters will only be achieved if accompanied by numerous and diverse other major changes (for example to retail electricity prices) which could have major negative effects on the welfare of many consumers. Full account must be taken of all these changes and any resultant negative welfare effects. In addition, consumers need detailed information about the total packages proposed, for example additional equipment and behavioural changes required, to assess any proposals for the introduction of interval meters.

Major changes to the current retail tariff arrangements in Queensland, required to justify the mandatory introduction of interval meters, could have major equity implications for rural, regional, disadvantaged and underprivileged consumers. QCA does not support such changes in tariffs unless it can be clearly demonstrated that they are in the best interests of consumers in general and that appropriate arrangements are in place to compensate those made worse off by any changes.

Consumers should not be criticised for increasing demand for electricity. Increased demand is encouraged by many segments of the industry which benefit from larger markets and consumers expect, and should be able, to increase their standard of living, which frequently involves increased use of electricity. Consumers with, or wanting to install, air conditioners are not, and should not be regarded as, anti social. Air conditioning is of particular benefit to the aged and sick. Consumers expect industry and governments to ensure that they have access to sufficient electricity to meet their evolving needs and at acceptable prices.

More resources are needed to improve consumer knowledge and skills in the selection and use of appliances, especially air conditioners, for example awareness of the impacts on electricity demand of small behavioural changes such as increasing the temperature setting, and making greater use of the fan-only mode (where available).

Increased resources are required to encourage the creation of more energy efficient homes (existing and new) and the use of the most efficient energy sources. In Queensland, there is considerable potential to expand the generation by households of electricity from solar energy for own use and for sale.

Much more can be done to increase consumer awareness of, support for, and participation in activities and programs designed to change consumer attitudes and behaviours towards electricity consumption. Community attitudes towards efficient water use appear to be more positive and better established than to the efficient use of electricity. Elements of campaigns to influence community attitudes, etc towards water use may be applicable to electricity campaigns.

Many consumers are unfamiliar with, and apprehensive about, electricity issues - including demand management. For these and numerous other reasons, many consumers may be unable to alter their short-term/long term demand easily themselves. Therefore, externally interruptible supply arrangements, reported to be very successful in electricity demand management for hot water, could be very relevant to some consumers for other appliances, including air conditioners.

VIEWS ON WORKING GROUP'S PROPOSED POLICY DIRECTIONS ON INTERVAL METERING

In general, QCA supports the Working Group's proposed policy directions of review, further research and consideration of alternative approaches to achieve desired demand changes. This approach is sensible given the complex, diverse, interlinked, vitally important, and long term social, environmental and policy issues involved with interval meters.

However, QCA considers that the Working Group's policy directions should also:

- recognise and recommend the need for linkages with other policies and programs, for example energy use efficiency;
- ensure that mechanisms and funding are in place to enable voluntary consumer groups to have the capacity to play a full role in the policy development processes; and
- ensure that appropriate resources are available to inform and educate consumers and consumer groups on practical ways in which they can successfully participate in demand management activities individually and/or collectively.

CONSULTATION ISSUES – INTERVAL METERS

• Do stakeholders support a review of the effectiveness of interval metering for large end users? What are the assessment factors and criteria that should underpin this review?

QCA supports such a review of large end users if it is national and also adequately examines any implications for household end users. However, since the main policy issue is interval meters for small end users, a review of their experiences in relevant jurisdictions in Australia and overseas is also required.

Possible assessment factors and criteria for the large end user review could include:

- Tariff changes introduced and requested but not provided
- Other changes made by end users eg changed working arrangements, changed equipment, new investments, and improvements in energy efficiency

• What customer classes/market segments could benefit from a rollout of interval metering technology? Please state the basis for your evaluation. What lower cost metering solutions (if any) should be financially viable to achieve user participation benefits for this customer class?

A minority of household consumers might benefit from being able to voluntarily install interval meters and use them to monitor and then alter their electricity demand. However, in general QCA considers that this question is the critical issue in this debate and one that requires much more research and consultation with customer/market segments which have experienced interval metering (and associated other changes to tariffs, equipment, etc) and which might be required, or choose, to have interval meters.

- ***Do stakeholders support a remote load control program specifically targeting household air conditioning use, and other technologies that could assist consumers to voluntarily manage their domestic energy use? What cost effective technologies could facilitate an effective program?***

Given that increasing demand for electricity for air conditioners is significantly increasing total and peak demand, remote control programs should be investigated urgently and if feasible and beneficial be offered to consumers on a voluntary basis.

Regarding other cost effective technologies:

- there may be scope for manufacturers to include in appliances features to assist consumers to choose when and how appliances can be used, for example non or only intermittent use during pre-set time periods;
- greater use of self-set timers, encouraged by promotion and other educational programs, might also be highly cost effective.

- ***Have stakeholders experienced a trend towards increased use of interval meters and development of cost-reflective tariffs in the retail electricity market? Are there any policy or market impediments that may prevent this trend from continuing?***

Queensland has mandatory interval metering only for contestable customers (currently >200MWh - after 1 July 2004 >100MWh)

Government policy on full retail contestability (which influences the introduction of interval meters and development of cost reflective tariffs) is due to be reviewed during 2004.

- ***Do stakeholders support the retention of load profiling subject to further assessment of the development of cost reflective tariffs?***

Load profiling should be retained.

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