

Consumer Action Law Centre

**Report to the Consumers Advocacy Panel (the Advocacy Panel)
Pursuant to Funding Agreement July 2008- June 2009
Application 299**

NEM NETWORK COORDINATOR AND RESEARCHER

1 November 2008 – 28 February 2009

1. Project Overview

The National Energy Market (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 an email newsletter – *On the Wire* - 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 through the facilitation, and co-convening with the Consumer Utilities Advocacy Centre (**CUAC**), of three meetings of the National Consumer Roundtable on Energy (**Roundtable**) per year.
- 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 worked on the Project jointly with Nicole Rich, Director – Policy and Campaigns. 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 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 and individual research and submission writing. For example, we made a submission to the AEMC regarding its Review of Energy Market Frameworks in light of Climate Change policies (see 2.4 below for more details) and endorsed NEM Network member CUAC's lead consumer submission which was also endorsed by other NEM Network members. As another example, the Australian Council of Social Services (**ACOSS**) submitted a letter to the Minister for Energy regarding the National Energy Customer Framework (**NECF**), which was endorsed by many NEM Network members;
- 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 just over 40 members nationally;
- Consumer Action released an edition of 'On the Wire' (see 2.2 below for more details); and
- Consumer Action co-convened a Roundtable meeting in Melbourne on 10 -11 November (see 2.3 below for more details).

2.2 On the Wire newsletter

The nineteenth edition of *On the Wire* was published and distributed on 22 December 2008. A copy is attached. The newsletter included updates on various regulatory developments produced by Consumer Action, together with contributions from NEM Network members the Footscray Community Legal Centre Inc. and Financial Counselling Service, Total Environment Centre and St Vincent de Paul. The next edition will be released in April 2009.

2.3 Roundtables

The third Roundtable meeting for 2008 (the second of the funding period) was held on 10 and 11 November in Melbourne and was jointly hosted by Consumer Action and CUAC. The agenda for, and the facilitator's summary report from, the Roundtable meeting are attached.

The Roundtable is a unique meeting of community sector organisations which fosters the development of advocacy capacity and skills that organisations can use to ensure that consumers have a strong voice in the debate on national energy market reform. Participants continue to commend the face-to-face meeting format of the Roundtable as a critical opportunity for advocates working on national issues but based in different jurisdictions to meet, share experiences 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.

This Roundtable meeting provided an important opportunity for long standing members of the Roundtable and several new participants from various organisations to meet and discuss a range of issues. This facilitated not only general knowledge exchange but also the building of the capacity of participants who were new to consumer advocacy or national energy market policy issues.

In addition, the Roundtable meeting provided participants the opportunity to meet with and discuss energy market reforms with key members of regulators and government.

Discussion focused on:

- What the group believed to be the pertinent issues facing consumers based upon national energy market reform including:
 - The role of regulation vs deregulation;
 - The transfer of state regulatory responsibility to the federal arena;
 - Political engagement;
 - Engagement with national bodies;
 - Consumer protections post Carbon Pollution Reduction Scheme and Smart Meters;
 - The impact of retailer innovation on consumers (eg pricing);
 - Relationship of energy with water and other essentials
 - Incorporation of sustainability and fairness objectives in the national framework
- A review of State based activity in relation to the National Energy Market;
- The transition of knowledge within the Roundtable between new participants and old;
- Research ideas for the Advocacy Panel;
- Competition and price deregulation based upon the current experiences of South Australia and Victoria, and highlighting the issues that arose throughout the processes in these States for the benefit of other jurisdictions facing the same review; and
- Smart meters regarding the national program and the upcoming need to nominate for work streams as consumer representatives.

Speakers at the Roundtable included representatives from:

- The Advocacy Panel on its new approach and projects for 2009/2010, including a discussion of the gaps and overlaps report;
- The Australian Energy Market Commission regarding its findings of effective competition in South Australia and its Demand Side Participation and Climate Change reviews;
- Rheem regarding AusWHIP (Australian Water Heater Industry Plan) mooted changes that will see some electric hot water systems phased out and the role of gas / solar hot water in relation to government rebates; and
- Consultants representing the Major Energy Users on their report regarding the Australian Energy Regulator's Weighted Average Cost of Capital (WACC) Parameters review.

An acquittal report for this Roundtable meeting has been provided to the Advocacy Panel.

Preparations for the next Roundtable were begun during the reporting period (and the meeting was held during the next reporting period in Canberra in March 2009 to coincide with a parliamentary sitting week). Further details will be included in our report for the next reporting period.

2.4 Advocacy

The Project has undertaken direct advocacy on behalf of consumer interests including by seeking meetings with and making representations to politicians and government officials. In addition, advocacy activity has included attending meetings and workshops with stakeholders. During the reporting period, direct advocacy activity included:

- a joint meeting in December with consumer advocates from ACOSS, Public Interest Advocacy Centre (**PIAC**) and CUAC with an advisor to the Federal Minister for Energy to discuss consumer concerns regarding the NECF, the implications of the AEMC's recommendations of competition and the upcoming Energy White Paper;
- a joint meeting in December with consumer advocates from ACOSS, PIAC and CUAC with the Federal Department of Resources, Energy and Tourism's Head of Energy to discuss the upcoming energy agenda, the Energy White Paper, competition in energy markets and the NECF;
- attendance at workshops as part of the Victorian Essential Services Commission's review of regulatory instruments being conducted in light of national developments including Guideline 19 and the Electricity Transfer Code;
- attendance at the Victorian Government's Advanced Metering Infrastructure Communications Working Group meetings;
- attendance at a forum held by the Federal Department of Resources, Energy and Tourism regarding amendments to the National Electricity Law based upon the introduction of smart meters;
- attendance at the Federal Department of Climate Change presentation regarding the Carbon Pollution Reduction Scheme; and
- numerous other meetings and discussions with government officials from the Victorian Department of Primary Industries and the Federal Department of Resources, Energy and Tourism.

In addition, the Project attended meetings of:

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

The Project has delivered four submissions to regulatory processes during the reporting period, detailed below.

(a) Essential Services Commission Guideline 19 – Price and Product Disclosure

Consumer Action provided a submission to the Essential Services Commission of Victoria regarding its Guideline 19 on Price and Product Disclosure, which was reviewed following the AEMC's recommendation to deregulate retail pricing in Victoria and the Victorian Government's

acceptance of these recommendations, focusing on the type and quality of information to be published on both retailers' websites and their marketing material.

A copy of the submission is attached.

(b) Ministerial Council on Energy's draft consultancy report – Retailer of Last Resort – Development of a National Framework

Consumer Action provided a submission to the MCE highlighting our concerns with the proposed national Retailer of Law Resort framework, including:

- the proposed framework placing the risk of retailer failure on the customers of that retailer, which we do not accept is fair or appropriate, or even in accordance with the national electricity or national gas objectives;
- the proposed framework failing to consider the implications of the deregulation of retail energy pricing in Victoria from 1 January 2009; and
- the lack of broader consultation with representatives of residential consumers of energy.

A copy of the submission is attached.

(c) AEMC Review of Energy Market Frameworks in light of Climate Change policies, Scoping Paper, October 2008 - Reference EMO 0001

Consumer Action provided a submission to the AEMC's Review of Energy Market Frameworks in light of Climate Change policies including highlighting the following issues:

- the exclusion of social and environmental objectives in the National Electricity Law and the National Gas Law, which results in the trade off between economic, environmental and social objectives in the NEM; and
- the fact that the review does not consider the impact on consumers from the Carbon Pollution Reduction Scheme or the Renewable Energy Target.

Consumer Action also endorsed CUAC's submission.

A copy of the submission is attached.

(d) Joint submission with CUAC to the Essential Services Commission's Review of Energy Regulatory Instruments – Final Decision (Stage 1)

Consumer Action, jointly with CUAC, wrote a submission in relation to the Victorian Essential Services Commission's Review of Energy Regulatory Instruments, focusing specifically on:

- Amendments to Energy Retail Code
 - *Clause 2 – Retailer's obligation to connect*
 - *Clause 4.2 – Information on a bill*
 - *Clause 5.3 – Bill smoothing*
 - *Clause 6.2 – Undercharging*
 - *Clause 7.2 – Payment methods (direct debit)*
 - *Clause 20 – Variations*
- Code of Conduct for Marketing
- Repeal of Credit Assessment Guideline

A copy of the submission is attached.