

NEM : issues for consumer involvement 2010/11 – 2013/14

Issue	How manifested	Consumers affected	Likely forms of advocacy
2010-2011			
Finalisation of NECF legislation and rules	<p>Transitional arrangements</p> <ul style="list-style-type: none"> ➤ Jurisdiction-specific regulation remaining on some issues ➤ Some jurisdictions not going national until later <p>AER to develop guidelines on hardship, compliance reporting frameworks, exempt supply and others</p> <p>Educating advocacy organisations re changes to regime</p> <ul style="list-style-type: none"> ➤ Jurisdiction-specific through existing networks (eg COSS) <p>Informing consumers of changes</p> <p>Retailer of Last Resort (ROLR) framework to be finalised and implemented</p>	Small to medium end-users	<p><u>Transition or implementation plans for jurisdictions:</u></p> <p>Submissions to state about full/partial adoption of NECF or regulation on top of (eg. specific protections to be retained by individual jurisdictions)</p> <p>Subs/lobbying to effect changes to state protections (eg CSOs) to complement NECF</p> <p>Subs/lobbying to initiate/influence programs to inform consumers</p> <p>Papers/seminars to inform state consumer (non-energy) orgs</p> <p><u>For jurisdictions not going national:</u> work to harmonise state protections, prepare programs for transition;</p>
CPRS	<p>Short-term capacity constraints – reduced reliability, increased prices?</p> <p>Educating consumers and consumer orgs of impact – need to change behaviour and mechanisms to do so etc</p> <p>Compensation arrangements – who gets compensated? Who bears cost?</p> <p>Likely rule changes to facilitate reliability</p>	All	<p>Submissions to AEMC and AER processes relating to market design and mechanisms to protect reliability</p> <p>Data collection about impacts – some jurisdictions more immediate than others</p> <p>Lobbying/Subs to Fed govt about compensation</p> <p>Influencing (Fed/State/other) programs to inform consumers</p>
Focus on reliability	<p>Govt and regulators’ attention to security of supply in a mix that is perhaps more complex and unpredictable/ variable, resulting in</p> <ul style="list-style-type: none"> ➤ Need to balance reliability and affordability ➤ NECF protections for compensation on voltage variation etc 	All	<p>Accurately assessing willingness to pay for increased reliability</p> <p>Pricing impact – subs to govt to ensure programs and info to secure affordability, regulators to help get balance right</p>

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2010-2011 (cont)			
Smart meter roll-out	Consumer education/information requirements Changes to tariff design Cost of roll-out Consequent changes to regulatory regime to	Small to medium end users	Consumer participation in policy development – Panel asked to pay costs with various WGs etc - and in trials in jurisdictions Lobbying/subs to govt and regulators about tariff design Subs to regulators about DB costs of roll-out Lobbying/subs to development of consumer info programs and publications
Engagement with national regulators – esp. with their establishment of formal consultative mechanisms	Participation in standing consultative arrangements Consumers having to learn impact of new institutions / governance arrangements on their advocacy strategies Competition among consumer groups to position themselves	All?	While not paying sitting fees, Panel could be asked to contribute to research arising from CCC work; facilitation of new entrants to debate National Consumers Roundtable will remain important vehicle to coordinate advocacy and inform small end-user orgs of
Price increases - multiple drivers	Electricity - Network charges <ul style="list-style-type: none"> ➤ Increased penetration of embedded / renewable generation of varying sizes ➤ Investment to replace assets and meet peak demand <ul style="list-style-type: none"> ○ Taking advantage of demand managements – regulatory incentives, business initiated programs, consumer involvement ➤ Regulatory settings (eg. WACC for future determinations and possible appeals to ACT) ➤ Reliability – willingness to pay 	All	Lobbying/subs/data collection to AER processes in SA, Vic, Qld for electricity; Research / data collection about DM alternatives, including changes to NER and NGR Assessing consumers’ willingness to pay
	Electricity - Capacity constraint in SA and Tasmania where generators can exercise market power	Immediately large users, but flow-on effects	Lobbying of ACCC/AEMC re market power issues – poss changes to NER / NGR

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<i>Price increases (cont)</i>	Electricity – CPRS and RET <ul style="list-style-type: none"> ➤ Price regulation and pass through of CPRS allowances ➤ Driving new investment in renewables, with impact on retail and network prices ➤ Short term capacity constraints 	All	Affordability issues, inc. structure and source of compensation (tension between states/fed) Lobbying/subs on targets, scope and length of schemes
	Gas – uncertainty of international demand which affects local energy supply/prices	All	Increased focus on gas pricing
	Gas – CPRS impact – move to gas-fired generation will increase demand	All	Increased focus on gas pricing – lobbying of govt/regs to ensure affordability <ul style="list-style-type: none"> ➤ Securing ‘good’ solutions
	Gas – impact of CSG – LMG; increased wholesale prices in longer term	all	Increased focus on gas pricing – lobbying of govt/regs to ensure affordability Security of supply – lobbying for certainty <ul style="list-style-type: none"> ➤ Securing ‘good’ solutions
New institutional arrangements	Gas market reform continuing <ul style="list-style-type: none"> ➤ Gas Market Bulletin Board and possible introduction of short-term trading market – impact of market mechanisms on price/security of supply National Transmission Planner National Distribution planner – new arrangements likely to include annual report, disclosure of DSM strategy, and dispute resolution <ul style="list-style-type: none"> ➤ Further work emerging on performance reporting, setting consistent reliability standards in jurisdictions, 	All Large users	Consumer engagement with new gas market arrangements – identifying interested classes of consumers Consumer contribution to NTP processes Engagement with new arrangements – increased involvement by <u>community</u> groups Consumer participation in further work

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Jurisdictional issues	NSW privatisation Tasmanian FRC SA and TAS market power issues Vic/SA transition to national regime	NSW users Tas small users SA/Tas users Vic/SA users	Lobbying/subs to govt re consumer protection, regulatory regime etc Lobbying/subs re move to FRC Lobbying/subs to ACCC re TPA applicability and
Retail price deregulation	AEMC reviews Price monitoring / consumer empowerment	Small-medium end-users	NSW review scheduled Lobbying/subs to govt/regs on improved price disclosure and monitoring
Dispute resolution	Harmonisation of jurisdictional schemes to interact with NECF <ul style="list-style-type: none"> ➤ Public reporting? National Ombudsman	Small-medium end-users	Lobbying re Ombudsman reporting Lobbying re development of national EDR scheme
White Paper outcomes	Future areas for reform? <ul style="list-style-type: none"> ➤ Harmonisation of environmental regulation ➤ Enquiry about nuclear power 	All	
Facilitating involvement of all classes of consumers	Rural <ul style="list-style-type: none"> ➤ Energy infrastructure impeding regional economic development Small business Residential households		Research to identify issues pertaining to those classes of consumers Forums/outreach to engage

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Facilitating demand management and energy efficiency	<p>To reduce price</p> <p>To minimise need for additional generation and energy infrastructure</p> <p>Funding to facilitate</p> <p>Incentives within market</p>		<p>Increased focus by consumer organisations on DM strategies/opportunities</p> <p>Lobbying/subs to govt for programs / policies to facilitate</p> <p>Lobbying/subs/rule changes to regs</p>
Impact of Copenhagen	Change in targets?		
COAG workplan	?		
Empowering consumers	<p>Encouraging active (informed) participation in competitive markets</p> <ul style="list-style-type: none"> ➤ Price disclosure regimes – tariff regulation ➤ Data collection about consumer experience – ombudsman, regulatory audits, consumer agencies etc ➤ Ease of switching <p>Addressing the needs of vulnerable classes of consumers</p> <ul style="list-style-type: none"> ➤ Small business – change to levels of protection in NECF 		<p>Lobbying / subs to govt to encourage price disclosure/monitoring</p> <p>Data collection about consumers' experience – marketing, sales, dispute res, billing, etc</p> <p>Vulnerable consumers – research to ID problems, lobbying/subs to promote solutions to govt/regs</p>
National consumer protection and interaction with sector-specific regulation	Introduction of Australian Consumer Law (in place by 1/1/11)		Lobbying/subs about tailoring sector-specific regulation
Review of derogations from the national regulatory regime			
National Strategy on Energy Efficiency			
Regulatory determinations	<p>NSW gas access arrangements 2010-2015</p> <p>Victorian electricity distribution prices</p>	<p>NSW gas users</p> <p>Vic users</p>	Lobbying/subs to AER

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MCE review of the Energy Community Service Obligations Framework	MCE commit to a review of the effectiveness of the framework in achieving COAG's objectives after it has been in place for three years (that is, October 2011)		Lobbying/subs to govts about CSO framework / program content; research on CSOs
Implementation of NECF legislation and rules	<p>Need for data collection</p> <ul style="list-style-type: none"> ➤ In jurisdictions and nationally <p>Transitional arrangements</p> <ul style="list-style-type: none"> ➤ Jurisdiction-specific regulation ➤ Delays in joining national regulatory regime <p>Likelihood of industry-initiated rule changes</p>	Small to medium end-users	<p>Research on effectiveness of NECF protections</p> <p>Poss rule changes to amend NECF</p> <p>For jurisdictions not going national: tailoring their regimes to NECF</p>
Impact of CPRS / RET	<p>Price regulation and pass through of CPRS allowances</p> <p>Need for data collection, in jurisdictions and nationally</p>	All	Research on impact of CPRS/RET on energy consumers – price and service (reliability, quality)
New institutional arrangements	<p>Gas market reform continuing</p> <ul style="list-style-type: none"> ➤ Gas Market Bulletin Board and evolution of short-term trading market – impact of market mechanisms on price/security of supply <p>National Transmission Planner</p> <p>National Distribution planner – new arrangements likely to include annual report, disclosure of DSM strategy, and dispute resolution</p> <ul style="list-style-type: none"> ➤ Further work emerging on performance reporting, setting consistent reliability standards in jurisdictions, 	<p>Large users</p> <p>Large users</p>	<p>Consumer engagement with new gas market arrangements – identifying interested classes of consumers</p> <p>Consumer contribution to NTP processes</p> <p>Engagement with new arrangements – increased involvement by <u>community</u> groups</p>
Affordability	Effectiveness of policy / regulatory responses to ensure affordability	All	<p>Lobbying/subs/data collection to AER processes in SA, Vic, Qld for electricity;</p> <p>Research / data collection about DM alternatives, including changes to NER and NGR</p> <p>Assessing consumers' willingness to pay</p>

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Jurisdictional issues	NSW privatisation Tasmanian FRC SA and TAS market power issues	NSW users Tas small users SA/Tas users	Lobbying/subs to govt re consumer protection, regulatory regime etc Lobbying/subs re move to FRC Lobbying/subs to ACCC re TPA applicability and
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Regulatory decisions			
Rule changes			

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Implementation of NECF	NSW transition to national regime? Data collection ➤ In jurisdictions and nationally Likelihood of industry-initiated rule changes	Small to medium	
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Regulatory decisions			Lobbying /subs
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Regulatory decisions			
Rule changes			

Sources:

- *State of the Energy Market*, speech by AER Member and ACCC Commissioner Ed Willett, 8 September 2009
- Submissions to the Energy White Paper Discussion Papers, available at http://www.ret.gov.au/energy/facts/white_paper/list_of_sub/Pages/default.aspx
- COAG Reform Council
- MCE communiques