

## NATIONAL ELECTRICITY CONSUMERS ADVOCACY PANEL

Subject: **Request for comments - a structured approach to the allocation of the Panel's funding budget for 2007/2008**

On 20 April 2007 a request was issued to interested parties for comments on a structured approach to the allocation of the Panel's funding budget for 2007/2008. The request was also published on the Panel's website.

Responses were received from

- Total Environment Centre
- South Australian Council of Social Service
- Tasmanian Council of Social Service
- Consumer Action Law Centre
- Major Energy Users Inc
- Australian Council of Social Service

The principal comments made by the respondents are set out below.

Generally, the respondents support the approach taken by the Panel in developing a list of advocacy projects to guide it in the allocation of funding in the coming year, and in maintaining a reserve of funds available for emerging issues and new topics.

Several additional projects or areas for future advocacy were suggested and in most cases have been included in the advocacy agenda.

The revised advocacy agenda is as follows:

	Priority
Australian Energy Regulator	
Transmission reset for SPAusNet and VENCORP	A
Transmission reset for Powerlink	A
Transmission reset for ElectraNet	A
Develop guidelines for electricity transmission network regulation	A
Develop guidelines for electricity distribution network regulation	A
Preparations for transmission price resets in 2008/9	B
Preparations for distribution price resets in 2008/9	B
Review of WACC parameters	B
Australian Energy Market Commission	
Review of the effectiveness of competition in the gas and electricity retail markets	A
Congestion management review and associated Rule changes	A
Rule change – region boundaries	A
Rule changes – as they occur	A
Review transmission network reliability standards to develop a consistent national framework (COAG request)	B
Independent Pricing and Regulatory Tribunal of NSW	
Essential Services Commission of Victoria	
Review of total factor productivity	B
Review of retailer of last resort scheme	B
Roll out of advanced metering infrastructure	B
Essential Services Commission of South Australia	

## Office of the Tasmanian Energy Regulator

## Ministerial Council on Energy

2006 legislative package	A
Establishment of National Energy Market Operator with a national transmission planning function	A
National review of energy Community Service Obligations in order to develop a consistent national framework	A
Develop options for the integration of spot and forward contract markets	B
National mandated roll out of smart meters	A
National Electricity Rules – changes to establish a national regulatory framework for the economic regulation of electricity distribution	A
Review of network incentives for distributed generation and demand-side response	A
Retail Policy Working Group – development of national arrangements for energy distribution (non-economic) and retailing (non-price) regulation (2007 legislative package)	A
Emerging areas for advocacy	
Energy efficiency	
Demand side response	
Carbon pricing	
Long term reliability of supply and the success of existing signals and incentives to invest in new generation	
The impact of market price volatility on consumer power prices, signals for investment, and long term reliability of supply	
Reliability issues resulting from water shortages and the grid connection of renewable energy sources such as wind, and the adequacy of regulatory performance standards and measurements.	
The effectiveness of the NEM Model in proving competitive outcomes.	
Increasing role for demand side response and embedded generation in meeting supply shortages and market incentives	

The advocacy agenda will be a guide for the Panel in allocating its funding budget and responding to requests for funding. The Panel is also mindful of the need to be able to respond to new topics not included in the advocacy agenda and therefore the fact that a project proposed in an application is not in the agenda will not preclude the application from being considered.

The responses by interested parties are appreciated and are of assistance to the Panel.

David J L Bremner  
Executive Officer

## NATIONAL ELECTRICITY CONSUMERS ADVOCACY PANEL

### Main comments

### Response

#### Total Environment Centre

- Transmission price reset projects should be priority “B” rather than “A” as they are specific to particular regions;
- “Rules changes as they occur” should be priority “A” as they are fundamental to the operation of the NEM and can occur with very short notice;
- Concerned that there is no provision within the Panel’s suggested project list for flexibility in terms of the issues to be covered or for soliciting new comments or issues.

Disagree. Price rests can have significant cost impacts for end-users and therefore should be key areas for advocacy.

Agree.

The request for comment mentioned that “the Panel also noted the need... to reserve some funding for unforeseen issues”. This funding will give the Panel some flexibility to deal with unforeseen issues.

#### South Australian Council of Social Service

- Agrees with Panel’s intention to be flexible by retaining a reserve to fund unforeseen projects;
- State-specific regulation should not be excluded e.g. the upcoming AGL Retail Price Path and ESCOSA Retail Price Path;
- Rule change projects should have an “A” rating.
- In projects, consideration needs to be given to the unique perspective of South Australia such as its demand profile and lead legislator perspective when allocating advocacy priorities;
- Agrees with the allocation of “A” priorities to MCE projects;
- The Panel should include in its advocacy agenda provision for organisations such as SACOSS to link with organisations that advocate for consumers and are not funded by the Panel.

State specific regulation that falls within the Panel’s funding criteria is not excluded from the funding budget.

Agree.

Noted.

Whether or not the Panel can fund such activities depends on whether the activities fall within the Panel’s funding criteria. Such issues are considered on a case-by-case basis when applications for funding are received.

#### Tasmanian Council of Social Service

- Agrees with the setting of priorities for funding but urges that flexibility be maintained thus enabling new issues to be responded to.
- Queried why jurisdictional regulators were included but no priorities assigned.

TASCROSS has been advised that jurisdictional regulators were listed because their work can impact on the NEM and no priorities were assigned as we were unaware of the projects they are likely to undertake in 2007/8. TASCROSS has been invited to advise the Panel of projects that OTTER will undertake next year and which are eligible for funding under the Panel's funding criteria.

#### Consumer Action Law Centre

- Recommends the inclusion of two projects to be undertaken by the Essential Services Commission of Victoria – Total factor productivity and retailer of last resort scheme – and projects relating to the roll out of advanced metering infrastructure.
- Priority list should be reviewed when the Panel is given responsibility for funding gas advocacy.
- The Panel needs to be flexible to deal with new issues.

Projects have been added to the budget.

Noted.

Agree

#### Major Energy users Inc

- Recommends that additional projects be added to the budget list – WACC parameters review by the AER, long term reliability of supply and the success of existing signals and incentives to invest in new generation, impact of market price volatility, reliability issues arising from water shortages and grid connection of renewable energy sources such as wind, the effectiveness of the NEM model in providing competitive outcomes, and the increasing role for embedded generation and demand side response.
- The absence of a new project from the list should not

Projects will be added to the budget.

The Panel does not intend that a project will be ineligible merely because it is not on the list. The list is a guide rather than being

preclude it from funding i.e. maintain flexibility in funding.

- Panel should determine a process for the rapid approving of urgent applications and should provide guidance on when applications should be submitted.
- The Panel should have a mechanism that allows contact with regulatory and legislative agencies and consumer groups in order to be informed of key developments and priorities.
- The Panel should commission independent research on the forthcoming WACC review.

#### Australian Council of Social Service

- Panel should make some allowance for advocacy in the areas of energy efficiency, demand side response, and carbon pricing.

prescriptive.

The Panel has a process for dealing with urgent requests. The Panel will provide guidance on when applications should be submitted.

The Panel has this year met with representatives of the MCE and AEMC to discuss developments and priorities and intends to similar meetings in future. The Panel is also looking to hold meetings with consumer advocates along the lines of similar meetings in the past.

Noted.

Noted. These projects will be included in the budget.