

**National Consumers Electricity  
ADVOCACY PANEL**

**May 2004 UPDATE**

**1. Funds for consumer representative on the ACCC's Service Standards Working Group**

The consumer representative appointed by the ACCC to serve on this committee, Mr David Headberry, had sought, in application no 58, payment for his work on the committee. The panel noted the sorts of fees paid for participation on government and industry committees and approved, at its last meeting, on 19 May 2004, the payment of \$1200 to the representative for and in respect of each sitting.

**2. Other funding decisions on 19 May 2004**

❖ **Victorian electricity distribution price review**

AiGroup, Energy Action Group, Energy Users Association of Australia, Victorian Employers Chamber of Commerce and Industry and Our Energy's application (no 57) to participate in the distribution price review by the Essential Services Commission was deferred for discussions with the applicants about the scope of funded advocacy, to ensure that it relates to the national electricity market or to the National Electricity Code, and also for consideration of expert evaluation of the impact of the applications of the distribution companies (when they are made) on members of the applicant organisations and report to the members.

The panel also noted that advocacy on consultation papers by the ESC prior to the applications by the distributors would need to relate to code or market issues in order to be funded under our criteria. The issue of WACC, raised in one of those papers, is said by the ESC to have its origin in cl 5.10(a) of the Victorian Tariff Order which says that the ESC must "utilise price based regulation adopting a CPI-X approach and not rate of regulation". Advocacy as to whether matters of WACC do constitute such price-based regulation does not appear to fit within our criteria.

It also seems to the panel that in many cases the impact of the impending distributors applications on domestic consumers could be different to their impact on business customers and that any advocacy for the two classes of consumers should be separate.

❖ **Information about MCE**

The panel appreciated a proposal in an application, no 59, by Allen Consulting, to brief the panel fortnightly on MCE developments. However the panel has already been brought into these developments by Australian and state government officials and by participation in MCE fora. It did not seem necessary to take up the proposal, despite its certain attraction.

❖ **Future of consumer advocacy**

The panel approved an application by Consumers Federation of Australia, with Australian Consumers Association, Consumer Law Centre Victoria, Public Interest Advocacy Centre, Consumer Utilities Advocacy Centre and CCCL (Qld) to investigate the best model for long term consumer advocacy in the NEM, for the purpose of advocacy to the MCE. The applicants are to use Allen Consulting and the funding is in the amount of \$34,000.

Separately the panel is to consider over the next month and a half the organisation of business and domestic customer advocacy on the basis of its

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experience. Issues include: the scope for advocacy in the code and whether that scope should expressly extend to environmental matters or how a regulator's discretion is exercised; the organisation of price or revenue reviews by regulators; the absence of any voice for small or medium business and, thus far, for farmers; some technology and quality of research issues; and Canadian, US and UK experience in customer advocacy.

### **❖ Advocacy by industry associations**

The panel has received applications for advocacy on code issues such as the funding of transmission connections or in relation to excessive price peaks, which could lead to consumer benefits, eg if the upfront transmission costs for wind generators is reduced it is said that the cost of such generators is reduced and so is the cost of wind power.

It is possible for successful advocacy's indirect benefit to consumers to make the advocate an eligible applicant even though it is not a body representing consumers. However for an industry association to do this is difficult, for we have to take into account that its advocacy work is primarily in the interests of their industry or members and that an association may have an ability to pay which makes subvention by us unnecessary.

Where an industry association does have a case to put which has consumer benefits it should consider working with a consumer body, which for its own reasons may want to carry out advocacy similar to the association.

### **3. User participation working group submissions**

In late March the panel granted sums of up to \$5000 for each of the following groups to participate in fora held by the MCE's user participation working group in early April on demand management, interval metering and retail price regulation issues. The panel had earlier advertised for applications and contacted potential applicants.

Queensland Consumers Association  
ECCSA, EMRF and EUCV  
Business SA  
EAG  
BCSE with Distributed Power  
TasCOSS  
Commerce Queensland  
PIAC and Council of the Ageing (NSW)  
SACOSS  
ACTCOSS

We have now reviewed the submissions of these parties to the working group. The exercise enables some observations to be made about end user advocacy: (i) the work of the user participation working group had not previously been the subject of any application to the panel; (ii) without the panel's intervention many of the parties may not have considered the very useful discussion paper of this working group (the only expressly customer focussed emanation of the current MCE reform processes) or made submissions to it; (iii) the applications for funding were generally straight forward and all (except two – one was not related to end users, the other not even related to the working group) were approved; and (iv) the submissions showed quite a spread of views. The exercise shows that end user groups benefit from organisation and more organisation by the panel will be needed in the future.

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Between them the submissions showed, among other things:

- support for a website or other means of comparing retail prices, except by PIAC.
- support in Queensland from the domestic and business side for some remote regulation of air conditioning. (No doubt the terms on which regulation were to occur would have to be carefully considered.)
- (CLCACT and ACTCOSS) that many electricity meters are museum pieces but specifications are available to replace them.
- the advocate for low volume customers in NSW, PIAC and COTA, believes that these customers are not interested in pursuing price benefits.

Topics such as these, if pursued, may have a bearing on the electricity market and its organisation.

### **4. Application procedures**

#### **3.1 New email address**

Applications for funding should now be sent to [advocacypanel@axtonjones.com.au](mailto:advocacypanel@axtonjones.com.au) (instead of to the chairman or other panel members). Applicants need not post a copy although if they wish to post the application it should be sent to our administrative office at Axton Jones, Post office box 43, Surrey Hills, Victoria 3127.

#### **3.2 Application number**

Applications are given a number which is used in any following funding agreement and correspondence. It would be appreciated if the number was shown in invoices and correspondence about applications or funding.

#### **3.3 When to lodge**

Applications should be sent at least 14 days before a coming meeting. However we are able to deal with urgent or special applications in between meetings. For example in late March we dealt with a dozen applications within a week of receipt to receipt to enable applicants to participate in fora of the MCE's user participation working group organised for the following fortnight.

### **5. Website redesign**

In a few weeks a redesigned website should be ready. It will better identify details of applications for funding, and will group reports.

### **6. Next meetings**

28 July in Canberra, and 13 October and 15 December 2004.

**A.Bisits  
Chairman  
27 May 2004**