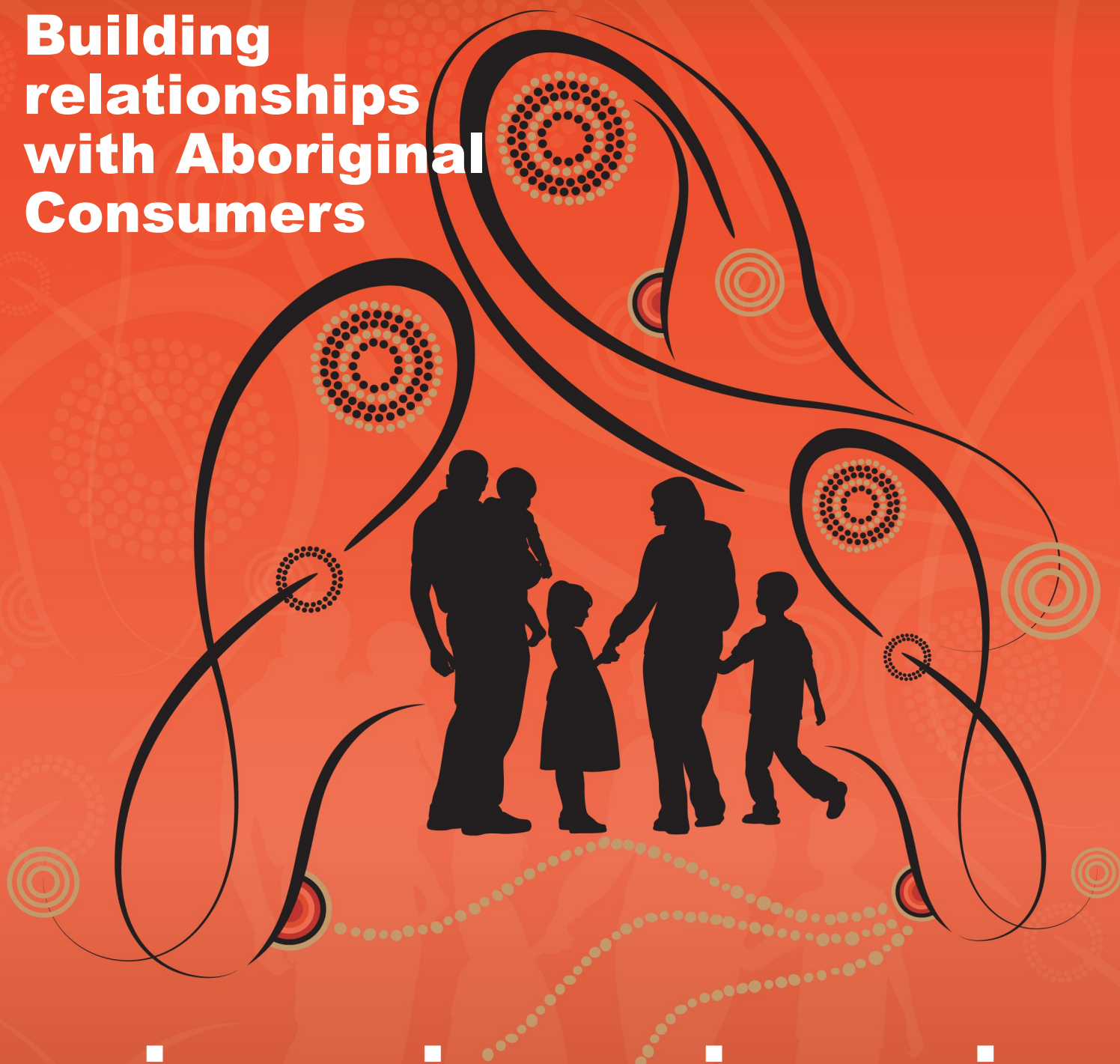


POWER+WATER

NEWSLETTER OF THE CONSUMER UTILITIES ADVOCACY CENTRE

ISSUE 8 • OCTOBER 2013

Building relationships with Aboriginal Consumers



■
Making the gas connection

■
Water price review final decision

■
Flexible pricing launched

■
Concessions research

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CUAC is an independent consumer advocacy organisation which ensures the interests of Victorian electricity, gas and water consumers—especially low income, disadvantaged, rural and regional, and Indigenous consumers—are effectively represented in the policy and regulatory debate.

CUAC believes all Victorians have a right to:

- affordable and sustainable electricity, gas and water
- have their interests heard in policy and regulatory decisions on electricity, gas and water
- not be disconnected from electricity, gas and/or water due solely to an inability to pay

CUAC:

- Provides a voice for, and strengthens the input of Victorian utility consumers—particularly low income, disadvantaged, and rural and regional consumers—in the policy and regulatory debate
- Initiates and supports research into issues of concern to Victorian utility consumers, through in-house research and building the capacity of consumers through its Grants program
- Investigates and responds to systemic issues affecting Victorian consumers in the competitive electricity and gas markets and with regard to water.

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Aboriginal energy and water project

Activities in 2013

Creating awareness and engagement with Victorian Aboriginal energy and water consumers has been a CUAC strategic priority since 2011. This year CUAC has set to work implementing additional recommendations from our 2011 research into the experiences of Aboriginal energy and water consumers.

2011 Research

In 2011, CUAC undertook research and consulted with Aboriginal communities in Victoria to produce the report *Wein, Paen, Ya Ang Gim: Victorian Aboriginal Experiences of Energy and Water*. The report examined Aboriginal consumers' experiences and needs in relation to electricity, gas and water, and provided a number of recommendations that aimed to address the challenges they face in a sustainable way.

Based on the recommendations of this report, CUAC has implemented strategies through its continued engagement with industry and both non-government organisations and Government. Recommendations from this report included increased outreach to Aboriginal communities, and engagement with both the water and energy industries with a view to developing 'Reconciliation Action Plans' (or formal agreements) with traditional Aboriginal owners of the land.

Reconciliation workshop for the water industry

Acting on recommendations from our 2011 report, on 21 August 2013 CUAC hosted a half-day reconciliation workshop for Victorian water businesses. The objective of the workshop was to encourage, assist and support water businesses to develop Reconciliation Action Plans, which are aimed at enhancing the consumer relationship between them and Victorian Aboriginal communities.

Victoria's water industry responded enthusiastically to this opportunity: 14 of the state's water businesses attended, with representatives from across a variety of disciplines, including Customer Service and Community Relations. Metropolitan and regional water businesses in attendance were North East Water, GWMWater, Goulburn-Murray Water, Melbourne Water, Coliban Water, City West Water, Wannon Water, Westernport Water, Yarra Valley Water, South Gippsland Water, South East Water, Gippsland Water, Barwon Water and Western Water.

The Reconciliation Action Plan program is facilitated by Reconciliation Australia, a non-profit organisation that was established in 2001 by the Council for Aboriginal Reconciliation. Specifically, Reconciliation Action Plans are intended to assist organisations to develop a business plan that documents what they will do within their organisation to further reconciliation with Aboriginal and Torres Strait Islander people in Australia. The plans outline the



practical actions the organisation will take to build strong relationships and enhanced respect between Aboriginal and Torres Strait Islander people and other Australians.

The reconciliation workshop was tailored specifically for Victorian water businesses, recognising that water businesses are in a particularly unique position to address issues that affect Aboriginal communities with respect to infrastructure and land.

Workshop participants expressed a general curiosity about Reconciliation Action Plans, and an interest in considering whether developing a plan would be good for their businesses. While none of the water businesses had developed a Reconciliation Action Plan to date, some had begun the process of developing such a plan.

The workshop was a great opportunity for businesses to learn more about reconciliation, to share experiences in relation to developing Reconciliation Action Plans and Cultural Heritage Plans, and to reflect on industry specific approaches.

The workshop agenda included a presentation and Q&A session on the importance of Reconciliation Action Plans by Colin Hunter. A Wurundjeri elder, Colin was on the Steering Committee for CUAC's 2011 research and has since worked with CUAC on a number of projects. As a Planner of Aboriginal Partnerships for the City of Yarra, he has been integral to the City of Yarra's development of a Reconciliation Action Plan.

Colin spoke powerfully about the importance of Reconciliation, particularly as it relates to water as a resource.

Your companies manage a resource that was considered by Aboriginal people as one of

the most important and sacred, water. We all need water to survive, and the protection and management of our waterways is just one example of where Aboriginal people and business need to work in partnership.

Colin also offered some personal reflections on the importance of reconciliation with Aboriginal people as it relates to self-determination.

With Aboriginal input and the proper community consultation, organisations and businesses can work towards creating meaningful Reconciliation Action Plans that will help to address these issues. Aboriginal people need to be in control of their destiny.

Chris Kirby, Deputy CEO of Reconciliation Australia, gave a workshop presentation on how to create a Reconciliation Action Plan. Chris explained that Reconciliation Action Plans are a model based on Reconciliation Australia's overarching principles of relationships, respect, and opportunities. Workshop participants were encouraged to reflect on how their business fits within these three principles.

A [Reconciliation Action Plan] is a simple three part model that turns it into a business case. It's a good thing to have in the event you have a CEO that is a champion [for the Reconciliation Action Plan] and they leave your business.

Chris flagged the importance of keeping the Reconciliation Action Plan manageable.

It's better to start with a small number of quality actions and ideas rather than trying to do everything.

The afternoon session included an open discussion on



industry approaches and future direction, which was led by CUAC's Executive Officer, Jo Benvenuti, and Research & Policy Advocate Loren Days. Topics discussed included frontline service provision, localised cultural awareness training, building connections within Aboriginal communities, barriers to accessing services and future directions.

CUAC has written a report on the outcomes of the workshop. The report includes reflections and insights from workshop participants who are developing plans, and recommended resources to assist businesses wishing to develop or learn more about Reconciliation Action Plans.

The learning and reflections from this workshop have been captured in a report available on our website.

Consumer information

CUAC, in partnership with the Moreland Energy Foundation, developed a brochure and set of appliance magnets that provide energy and money saving tips tailored to the Victorian Aboriginal community. In 2013/14, CUAC will distribute these materials to agencies in Metropolitan Melbourne and regional Victoria, including to communities that helped with, or participated in, the 2011 Aboriginal Energy and Water research.

Community engagement

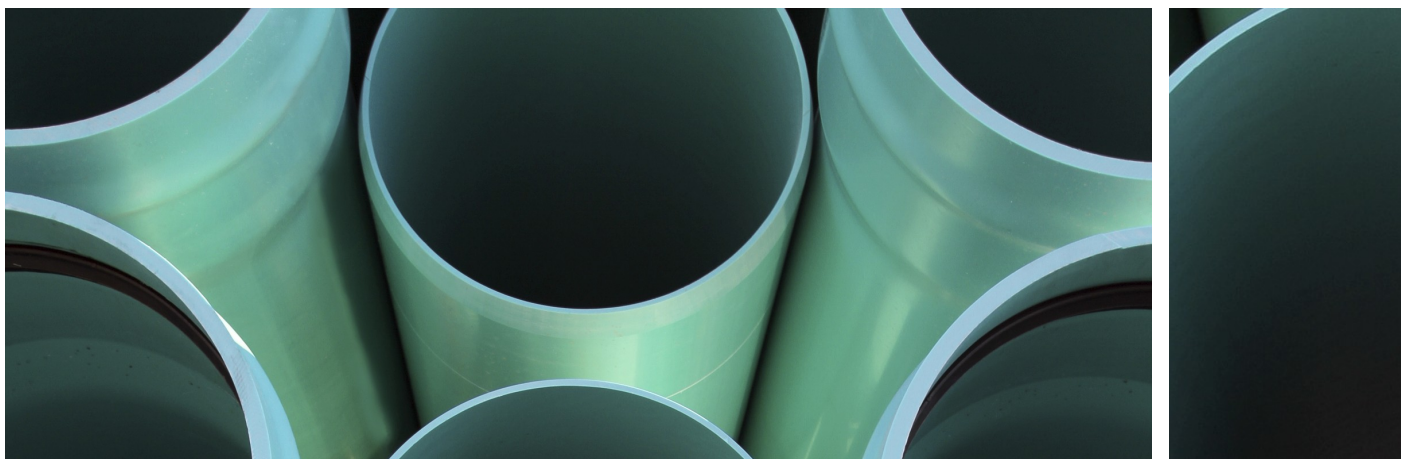
In July 2013, CUAC, together with Yarra Valley Water, City West Water, the Energy & Water Ombudsman (Victoria) and Kildonan UnitingCare, held a stall at Fitzroy Town Hall for the National Aboriginal Islander Day Observance Committee (NAIDOC) week Whole of Government Event. At this event, we handed out more than 100 energy consumer information packs.

Koorie Energy Efficiency Project

In early 2012, CUAC partnered with Kildonan UnitingCare and other organisations to develop a consortium submission to the Low Income Energy Efficiency Program (LIEEP), seeking funding for a Koorie Energy Efficiency Project (KEEP). The purpose of this project is to identify and respond to disadvantage in relation to energy issues in Koorie communities. The application and project design drew on findings from CUAC's earlier research in this area, conducted in 2011.

In December 2012, the Department of Climate Change and Energy Efficiency awarded just over \$6 million in funding for the project. As a member of the KEEP Partnership Group, CUAC continues to contribute its expertise to the implementation of the project, drawing on its relationships and inviting involvement from Aboriginal community leaders, and providing recommendations generated from CUAC's 2011 research. The project is well underway and recently engaged a project manager to oversee the team that will be executing the project over the next three years.

For a copy of the water industry Reconciliation Action Plan workshop report, or to register your interest in future workshops, contact loren.days@cuac.org.au. For more information on how to develop a Reconciliation Action Plan contact Reconciliation Australia at raps@reconciliation.org.au or visit: www.reconciliation.org.au/RAPhub



Making the gas connection

As prices rise, natural gas is increasingly important to households, a trend likely to accelerate in the next decade. CUAC is preparing gas research and workshops to inform consumer organisations and our own advocacy.

Gas prices to rise

Australia has large quantities of natural gas relative to our population, and our inability to export that gas has meant Australian consumers – particularly those in the eastern and southern states – have enjoyed gas prices significantly lower than those in many other countries.

However, over the next five to ten years, international gas export capacity on the east coast will expand, linking domestic markets more closely with international markets where prices are significantly higher. Simultaneously, a number of long term contracts between producers and retailers with historically low prices will expire. Producers will have the choice to continue selling gas within Australia, or to sell to overseas customers who are willing to pay more. This is expected to cause Australian gas prices to both rise and become more volatile. Relatively high levels of committed (contracted) reserves also raise the possibility of supply shortages.

These developments have raised concerns within the consumer and community sectors about the role of gas as a cheaper secondary household fuel for cooking, space heating, and hot water; business and customer assets becoming stranded; and the role of government in encouraging gas uptake, providing concessions for energy-efficient non-gas technology,

and securing affordable supply. Such issues are of particular concern in Victoria, where dual-fuel households (electricity and gas) are common and where the great majority of Australia's residential gas consumption occurs.

Households with lower or no direct gas use may also be affected through the increased cost of gas-fired electricity.

Building consumer capacity

CUAC has prepared a report, *Making the Gas Connection*, as a introduction to the gas sector for consumer and community organisations. It provides a high-level overview of gas resources, gas usage, regulation, markets and networks, price pressures and current issues in gas, forecasts of future prices and bills, and opportunities for policy engagement.

In further work around gas, CUAC plans to release reports on the role and importance of gas in Victoria, and levels of competition and consumer experience in the Victorian gas market. We are also partnering with other consumer organisations to offer a Victorian workshop on gas later this year, and a national masterclass on gas in early 2014.

Gas in Australia: a snapshot

Australia has three distinct regional markets, in northern, western, and eastern Australia. Most of our gas is in Western Australia, which also has the greatest current export capacity for liquefied natural gas (LNG). At present, there are no commercial liquefaction and shipping facilities – known as “trains” – in the eastern states. However, in 2014 and 2015 several LNG trains will begin operation in



Table 1: Residential gas penetration and usage for selected states, 2010-11

	NSW	VIC	QLD	SA	WA	TAS
Gas penetration rate (capital city)	47.7%	91.0%	18.6%	75.2%	83.9%	6.2%
Gas penetration rate (non-capital)	25.3%	57.5%	5.0%	13.7%	24.5%	3.1%
Gas penetration rate (state)	38.9%	81.6%	10.9%	58.4%	68.3%	4.4%
Annual usage (state)	24.3 PJ	100.2 PJ	2.9 PJ	10.7 PJ	10.0 PJ	0.1 PJ
Average annual household usage	21 GJ	57 GJ	15 GJ	28 GJ	16 GJ	11 GJ

Queensland. These trains have a planned export capacity almost twice the volume of the gas produced on the east coast in the year to June 2012; almost ten times as large as combined eastern state residential gas demand.

Two-thirds of all residential gas use occurs in Victoria, forming roughly one-third of total state gas consumption – in other states, residential demand is much smaller. A combination of historical, geographical, and climatic factors have led to different levels of gas penetration (percentage of households with a gas connection) and usage between states, as shown in **Table 1**.

Residential use, however, accounts for under 10 per cent of total gas consumption: around 40 per cent is exported, and 20-25 per cent used each in power generation and by industry. The mining, manufacturing, and chemical sectors are some of the biggest industrial users of gas, and several industry groups have in recent months been outspoken about addressing the looming “gas crisis” or “gas cliff” (by which they primarily mean higher prices).

One suggested course of action is to limit exports through a ‘national interest test’ or reservation of gas for domestic (non-foreign) users, as Western Australia does. However, this would be difficult to

impose on existing projects and has strong economic efficiency counterarguments.

Another suggestion is to greatly increase the development and production of gas from unconventional sources, such as coal seams, which make up the bulk of untapped capacity in Queensland and New South Wales. However, coal seam gas (CSG) is the source of much dispute in NSW between industry and farming/environmental groups. Victoria is currently reviewing its moratorium on fracking, with recent protests against the practice.

Other gas market reforms, aimed at improving market transparency or efficiency, are the subject of ongoing work by gas market regulators.

While gas markets are complex, and not as harmonised as the electricity markets with which many consumer groups already have experience, they will grow in importance as their contribution to utility bills increases: the Grattan Institute projects annual bills could increase by between \$40 and \$170 by 2020.

Consumer groups can and should engage on these issues with the different entities active in gas markets. Anyone interested in participating in the Victorian or national CUAC events on gas can register their interest with Martin Jones: martin.jones@cuac.org.au



New limited merits review regime

CUAC and the Consumer Action Law Centre (CALC) have advocated strongly for reform of the Limited Merits Review appeal process for distribution pricing determinations. Our research and advocacy was instrumental in bringing forward a review of the process.

Consumer concerns with the LMR

Under the National Electricity Law (NEL), distribution businesses could appeal an AER pricing determination in a 'limited merits review' (LMR). A business could 'cherry-pick' parts of the original decision and ask that the merits of those limited areas be reviewed by the Australian Competition Tribunal (the Tribunal); other areas would be ignored.

CUAC and CALC sought leave to be a party to the review process for the distribution businesses' appeal of the last Victorian pricing determination, but had to withdraw due to a number of barriers. We addressed the barriers and our recommendations in previous issues of POWER+WATER (see issues 3 and 5).

Review of the Limited Merits Review

SCER engaged an expert panel to review the limited merits review, conducting several consultation processes. Both CUAC and CALC contributed submissions and met with the expert panel.

Following the review, SCER released draft legislation for consultation in August 2013, and in September,

amendments to the National Electricity Law and National Gas Law were introduced into South Australia's Parliament.

Consumers under the new legislation

The new legislation retains the Tribunal as the body that reviews pricing. However, there are much clearer links to the long term interests of consumers.

Appellants must make a case not just that the original decision was wrong, but that correcting the mistake would lead to a materially preferable outcome in the long term interests of consumers. The Tribunal will assess both the grounds of appeal and interlinked matters to evaluate the preferable outcome.

The regulator and ACT must in future consult with users or consumer groups, and network businesses may not pass the costs of reviews on to consumers as regulated revenues.

However, it is unclear how the obligation to consult with consumers will work in practice, and consumer organisations that do intervene in review processes also still face high costs preparing their cases.

While some aspects of the LMR regime remain in need of improvement, these changes will likely lessen the ability of distribution businesses to 'game' the review system, and will hopefully lead to better outcomes for consumers. We will continue to monitor the outcomes of Victorian appeals until the next review (scheduled for no later than 2016).



Concessions research

Concessions research, just released, examines the implications of changes to energy concessions announced in the 2013-14 Victorian Government budget. The report calls on the government to review the concessions cap to avoid worsening energy affordability for low income households.

In October the Consumer Action Law Centre (CALC) and the Victorian Council of Social Service (VCOSS) released a report *Winners and Losers: the impact of energy concession caps on low-income Victorians*. The report, prepared for CALC by May Mauseth Johnston, was funded through a CUAC external research resource grant. The report acknowledged the important role of concessions in keeping people on supply.

In 2011, the Victorian Government extended its 17.5% electricity concession from a winter to a year-round concession. The Annual Electricity Concession and the Winter Gas Concession, were previously uncapped, but a cap is now being imposed. Households that exceed the cap can claim an Excess Energy Concession. This requires an additional application process to demonstrate that they are not using the excess energy fraudulently.

Winners and losers

The report raises concerns about the introduction of these changes given the context of significant energy price increases and low-income affordability. Of

prime concern was the design of the Excess Energy Concession.

The report argues this will create winners and losers because the significant differences between the tariffs and tariff structures in the electricity network areas and gas zones mean that a household in one area will exceed the cap while one with the same level of consumption in another area will not. With a cap based on dollar value, how each consumer fares will be based on location rather than consumption.

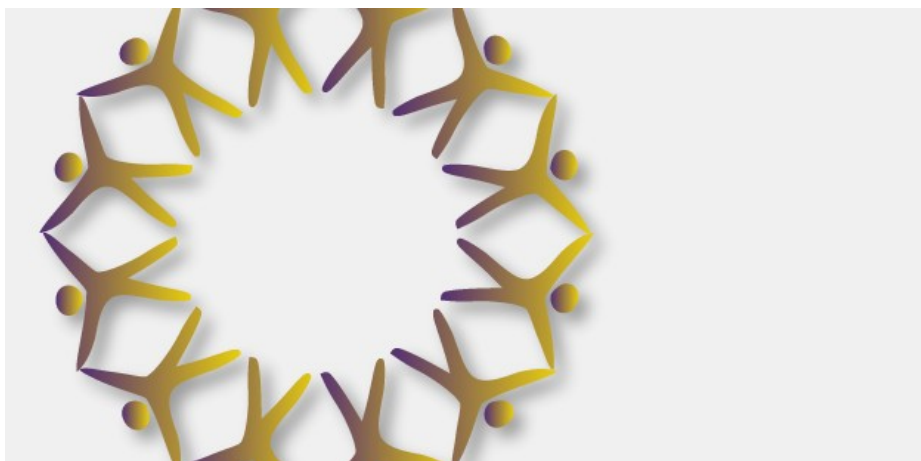
Similarly, the report considers the way in which existing market barriers mean many consumers find it difficult to understand and negotiate the market and find the best offer for them. Again, this inability to negotiate the market also makes a household more likely to exceed the cap.

Finally, the report highlights the potential for some households to miss out on their entitlements because of difficulty with the application process, possible system errors and lack of awareness of entitlements (a problem which already exists).

Recommendations

The report suggests a review which examines a usage threshold, not a dollar threshold, for any policy that targets households with high energy usage and urges that energy efficiency-based measures are used instead of seeking to reduce the concessions budget.

The report can be found on the CALC website at <http://consumeraction.org.au/category/content-type/reports-and-submissions/>



CUAC Reference Group update

The contributions of a re-formed and re-invigorated Reference Group have been integral to CUAC's strategic planning for 2013/14.

A renewed Reference Group

Last year, CUAC finalised a review of its Reference Group. As a result, the Domestic Issues Group and Market Issues Group were amalgamated and a new Terms of Reference and meeting schedule created.

Early this year, CUAC invited and approved applications. We were pleased to have the continued participation of organisations that have long supported CUAC's work, and to welcome four new representatives: Jane Stanley from the Council for Single Mothers and their Children, Minh Nguyen of Community Information and Support Victoria (CISVIC), Tanya Corrie from Good Shepherd Youth and Family Service, and Randal Harkin from the Council on the Ageing.

Annual planning meeting

On 30 May 2013, CUAC hosted its bi-annual reference group meeting. This was an opportunity for us to discuss our strategic priorities and commitments for 2013, and for Reference Group members to provide feedback and comment. The discussion included a scan of current and emerging energy and water issues. The meeting also included a presentation by Dr. Gill Owen on developments in the United Kingdom energy market, including the recent shift in thinking which concludes that the current state of affairs is simply 'not working' for consumers.

Reference Group input saw the following areas identified as priorities for 2013/14:

- Build research excellence and reputation
- Further consolidate research impact and effectiveness
- Increase CUAC's advocacy impact
- Further develop key organisational relationships
- Support consumer benefits in the rollout of metering technology in Victoria
- Maintain and enhance consumer protections for energy and water consumers in Victoria
- Remain a key influencing voice in major policy reforms on energy and water
- Influence improvement in industry performance standards
- Maximise benefits of two way engagement between CUAC and community sector agencies
- Expand CUAC's role in community education through sector networks
- Excellent governance
- Maintain professional team

CUAC's Annual Work plan was approved by the board on 22 July 2013 and is now available on the CUAC website.

Interested in membership?

We are still seeking additional Reference Group members to increase the diversity of its contributors, particularly in the area of disability. If you or your organisation are interested in applying, contact Jo Benvenuti at jo.benvenuti@cuac.org.au. The next meeting is scheduled for November 2013.



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Change of government

The Liberal-National Party Coalition government portfolios are mostly the same as in opposition, but its energy and water policies are yet to be fully fleshed out in public.

Portfolios

On September 16, the Coalition announced its new Cabinet. Portfolios of interest to the utilities sector include:

Person	Position
Hon. Ian Macfarlane MP	Minister for Industry
Hon. Bob Baldwin MP	Parliamentary Secretary to the Minister for Industry
Hon. Kevin Andrews MP	Minister for Social Services
Senator Mitch Fifield	Assistant Minister for Social Services
Senator Concetta Fierravanti-Wells	Parliamentary Secretary to the Minister for Social Services
Hon. Greg Hunt MP	Minister for the Environment
Senator Simon Birmingham	Parliamentary Secretary to the Minister for the Environment
Senator Nigel Scullion	Minister for Indigenous Affairs

Policies

The Coalition has announced several policy intentions that could have great significance for the energy and water sectors. These include:

- Developing a new Energy White Paper, to be publicly released within a year, addressing (unspecified) critical issues of national energy security and energy market transparency.

- Removing the current emissions trading scheme (carbon price) and replacing it with the “Direct Action” plan. Details of Direct Action are still emerging, but it will contain an Emissions Reduction Fund that pays applicants to reduce emissions (as opposed to charging the largest emitters, as the ETS does).
- Supporting the development of coal seam gas, creating an independent expert scientific panel to investigate the effect of the coal seam gas industry on water reserves, and developing a gas supply strategy for the east coast. Minister Macfarlane recently commented, “We've got to make sure that every molecule of gas that can come out of the ground does so. Provided we've got the environmental approvals right, we should develop everything we can.”
- Keeping the Renewable Energy Target at 41,000 GWh for 2020, but reviewing the scheme in 2014
- Establishing an industry advisory council for the energy and resources sector, to provide informative consultation and recommendations on proposed legislation or policies.

The Coalition has also expressed broad support for the current work of AEMO and SCER.

While the change from the ALP to the Coalition heralds a new federal approach to many issues affecting energy and water, the full extent of the changes will only become clear in the coming months.



A new era in electricity pricing

Flexible pricing and Energy Information Fund launched

On September 16, the Minister for Energy and Resources, the Hon. Nicholas Kotsiras MP, launched flexible pricing. We review a few of the things that consumers should have in mind as they consider whether to take up a flexible pricing offer.

What time periods apply?

Many flexible pricing offers are expected to be in the 'common form'. That is, while the specific prices will differ, the time periods will be uniform, with:

- **peak** from 3pm to 9pm on weekdays;
- **shoulder** 7am to 3pm and 9pm to 10pm on weekdays, and between 7am and 10pm on weekends; and
- **off-peak** from 10pm to 7am each day.

Energy retailers may have flexible pricing offers with different times, but they have agreed not to 'mass market' them via, for example, direct mail, door-to-door sales, or telesales. Non-common form offers will, however, be included in the government's independent price comparator, My Power Planner (see over page). This means that any consumer switching to flexible pricing after using the site to compare offers should check the time periods that apply to their specific chosen offer.

What 'reversion' rights are there?

Flexible pricing is voluntary, meaning that consumers can't be switched to a flexible pricing offer without

their explicit informed consent.

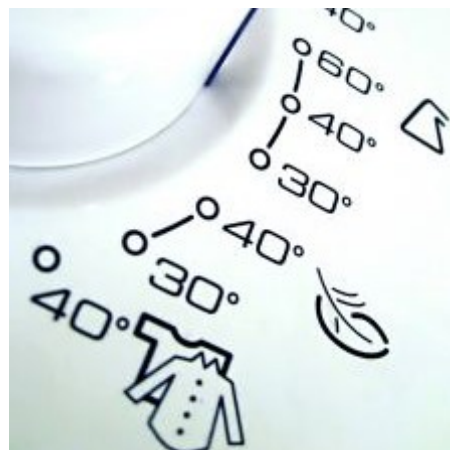
In addition, in some circumstances, a consumer who accepts a flexible pricing offer but finds it unsuitable will be able to 'revert' to their old tariff. This right to reversion only applies if the customer stays with the same retailer when switching to a flexible pricing offer. Consumers might also have to pay a special fee or charge to revert. If such a charge applies, the retailer must disclose this in the offer's terms and conditions.

A consumer who has taken up a flexible pricing offer with a different retailer can, of course, switch again should they find the offer unsuitable. However, they won't be able to revert to their previous flat tariff (as they have moved retailer) and may also have to pay fees or charges if they end a fixed term contract early.

Concessions and flexible pricing

In most cases, concessions eligibility is not affected by flexible pricing. Some customers who currently pay off-peak rates for separately metered electric hot water or slab heating and receive the Controlled Load Electricity Concession, however, may lose this specific concession should they switch to flexible pricing. Consumers currently receiving the Controlled Load Electricity Concession should discuss their eligibility with the retailer before switching.

Consumers who are eligible for concessions should also note that My Power Planner can incorporate some, but not all, concessions into its estimated bill calculations.



My Power Planner

Because flexible pricing tariffs are complex, working out which electricity offer is best for a particular household involves some complex calculations.

An integral part of the launch of flexible pricing has therefore been the development of My Power Planner, an independent price comparator which performs these complex calculations on the range of flat and flexible pricing offers. My Power Planner allows consumers to easily identify those offers that will be least expensive for their household, and to check the other terms and conditions of the offers.

To use My Power Planner, consumers will need either a recent electricity bill, or, for the most precise recommendation, a file with 12 months smart meter consumption data.

For comparing gas offers, the independent yourchoice.vic.gov.au is still the best option.

switchon.vic.gov.au/tools_and_calculators/my-power-planner

Energy Information Fund

As previously reported in POWER+WATER, the Victorian Government has established an Energy Information Fund to support community organisations to develop and deliver energy information to low-income and disadvantaged consumers. Applications for Round 1 of funding are now open. For forms and more information visit

switchon.vic.gov.au/understanding-the-cost-of-electricity/community-programs

CUAC is doing work to support the Fund, including development of an 'EnergyInfoHub' website. The site will be a hub for energy information, tools and funding that Victorian community organisations can use to support their clients and communities. The site goes live on 18 October. You can also follow @EnergyInfoHub on Twitter for updates.

energyinfohub.org.au (from 18 October)



ESC releases final decision on water

After a long period of consultation and review, the ESC in June released its final decision on water prices for 2013–2018.

On 25 June 2013, the Commission released its final water pricing decision for the Greater Metropolitan Water Businesses for 2013 to 2018. As a result of the decision, Melbourne's water consumers will see substantial price increases. A major contributor to the price increases for the Greater Metropolitan water businesses (Yarra Valley Water, South East Water, City West Water and Western Water) is due to payments for the cost of the desalination plant.

While prices will rise, the Commission's final decision limited price increases in the first year to between 12 and 25 per cent, compared with the 32 per cent to 36 per cent originally proposed by Melbourne's water businesses. Water bills will increase by about \$167 to \$222 for 2013 to 2014 compared with the \$269 to \$355 originally projected by these water businesses. In subsequent years, the price increase will move in line with inflation.

The lower prices and water bills are the result of the \$1 billion in savings identified by the Commission. These savings arise largely from lower financing costs, and reduced operational costs. In addition, the Commission allowed an additional amount of \$5.25m to support vulnerable customers experiencing financial hardship.

CUAC welcomes the reduced prices and the focus on supporting low income and vulnerable customers. The annual bill increases will be substantial for many customers. Customers may also need continuing support in later years as the cost of living increases. Water businesses can proactively help customers by enhancing their hardship programs and payment processes to mediate the impacts of the price rises. Early intervention in identifying customers who are vulnerable to payment difficulties, and improving customer awareness of payment assistance schemes and hardship assistance are critical. CUAC is keen to work with water businesses on the development of best practice policies on early intervention, communication, customer service and a best practice code on responding to payment difficulty and financial hardship.

The final decision spread the cost of the desalination plant over 27 years rather than the 50 year estimated life of the asset. CUAC had suggested an extension of the payment period on the principle that customers should contribute to the costs of a service from which they benefit. Recouping the cost of the desalination plant over a 50 year period would spread the cost over a larger number of customers and helped reduce the upward pressure on water bills on current customers. The Commission will revisit this aspect of their decision after three years, taking into account further information to be provided by Melbourne Water.



FCRC conference

CUAC presented as part of a panel session on utility price increases at the Financial and Consumer Rights Council's September conference.

On September 12, CUAC contributed to a panel discussion on *Utility prices spiralling out of control* at the annual FCRC conference.

Also on the panel was Janine Rayner, Senior Policy Officer at the Consumer Action Law Centre, who began the session with an overview of the components that make up energy and water prices and some of the contributors to recent price increases and John Mumford, Financial Counsellor at Bass Coast Regional Health, spoke about utility costs in the context of a financial counsellor's day-to-day work with clients.

CUAC's presentation focused on the changes on the horizon. In energy, the introduction of flexible electricity pricing in Victoria creates opportunities for some consumers to save, but may present a bill shock risk for others. Also in energy, gas prices are expected to rise, largely as a result of increasing gas exports. Financial counsellors might expect to see more clients struggling with gas bill payments. We might also see an increase in gas disconnections as a result of price increases. Melbourne households will also face water price increases this year (see p. 14), while water prices in regional areas will stay relatively stable.



Rewired project launched

Springvale Community Aid and Advice Bureau has launched its Rewired project, offering energy efficiency help to low-income culturally and linguistically diverse households.

On 5 July 2013, the Springvale Community Aid and Advice Bureau (SCAAB) hosted a press conference with Commonwealth Attorney-General Mark Dreyfus and MP Alan Griffin to announce SCAAB and the City of Greater Dandenong's successful applications to the second round of Low Income Energy Efficiency Program (LIEEP) funding.

SCAAB was awarded \$2.3 million to help culturally and linguistically diverse families reduce their energy bills, and the City of Greater Dandenong was awarded \$1.5 million to fund low energy street lighting and raise awareness on energy efficiency.

The LIEEP was established to provide grants to consortia of Government, business and community organisations to trial new and innovative approaches that assist low income and vulnerable households overcome identified barriers to energy efficiency, and to better manage their energy use.

The event was held at SCAAB's office in Springvale, with a number of community organisations and local media. As a consortium partner that supported the SCAAB application, CUAC was in attendance with other consortium partners to support the launch.

CUAC news

Board changes

Since the last POWER+WATER issue, CUAC has seen changes to its Board. In May, Sylvia Davey resigned as Chair of the CUAC Board. Sylvia made a fantastic contribution during her time as Chair and we thank her and wish well for the future. Director Ronda Held has been appointed as Chair and we very much look forward to working with her in this role. And in September, we also welcomed the appointment of Steven Peuschel OAM. Steve is Chief Executive Officer of Leadership Plus, an organisation that works with people from the Disability and Culturally and Linguistically Diverse communities to lead and influence change in the government, business and community sectors. We're pleased to welcome Steve as a Director on the CUAC Board and look forward to incorporating his experience.

CUAC 2012/13 Annual Report now available

CUAC's 2012/13 Annual Report was tabled in Parliament on 19 September. Over the year, CUAC made 20 submissions to policy and regulatory processes, represented Victorian consumers on a range of government, regulatory, industry and community sector committees, and made 22 presentations at conferences and events. We also published two major research reports and several other papers, and approved research and advocacy grants to a total of \$32,889. The report is now available for download on the CUAC website.

CUAC submissions, May—September 2013

CUAC made the following submissions between May—September 2013:

- Essential Services Commission — Price Review 2013—Greater Metropolitan Water Businesses Draft Decision (April 2013) (joint submission)
- Standing Council on Energy and Resources—Statutes Amendment (Smart Meters) Bill 2013
- Essential Services Commission—Proposed changes to regulatory instruments relating to flexible pricing of electricity
- Standing Council on Energy and Resources—Limited Merits Review—Consultation Draft Legislation
- Australian Energy Market Commission—Consultation Paper—National Electricity Amendment (Victorian Jurisdictional Derogation, Advanced Metering Infrastructure) Rule 2013
- Essential Services Commission—Harmonisation of the Energy Retail Code and Guidelines with the National Energy Customer Framework Draft Decision (joint submission)
- Department of State Development, Business and Innovation—Flexible Pricing Standing Offers—Addendum to joint submission (confidential)
- Department of State Development, Business and Innovation—Flexible Pricing Standing Offers (joint submission) (confidential)

All CUAC public submissions can be viewed on the CUAC website at www.cuac.org.au