



POWER+WATER

NEWSLETTER OF THE CONSUMER UTILITIES ADVOCACY CENTRE

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Fix it! the campaign to fix fixed term contracts

■
new Energy
White Paper in
development

■
meaningful and
genuine
consumer
engagement

■
low income
energy programs
cut

■
protections at
stake in
competition
review

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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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Fix it!

CUAC and the Consumer Action Law Centre (Consumer Action) have developed a rule change proposal to the Australian Energy Market Commission (AEMC) to prevent energy retailers unilaterally raising prices during a fixed term contract. We are the first organisations representing small consumers to attempt a rule change.

The problem

Fixed term contracts, where customers sign on for a fixed length of time at certain conditions, are common in the energy industry. At the time of our rule change proposal, at least 13 of the 17 electricity retailers operating in Victoria offered fixed term contracts of between 12 and 36 months length. Retailers use these contracts to gain more certainty over customer numbers, attracting customers with discounts and discouraging them from leaving with exit fees. Customers are attracted to the contracts by the discounts on offer and the appearance of certainty about terms and conditions.

However, the phrasing of the National Energy Retail Rules (NERR) allows retailers to vary tariffs in fixed term contracts without the voiding the contract or requiring the customer's consent. Specifically, it is because Rule 46 only addresses *how* tariff variations are communicated, without limiting their use.

This means a customer could sign up to what they feel is a low rate for three years, only to be hit by a price rise within weeks of signing up and have to pay over \$100 to switch to another retailer.

Switching fees can discourage customers from switching and therefore discourage competition. The ability to vary prices unilaterally while discouraging customers from switching inappropriately shifts the risks of varying costs to customers, even though retailers are better placed to manage them. The time and effort spent searching for the initial deal is also wasted. As anyone who has looked into switching energy plans knows, this is no small waste!

In 2012 CUAC surveyed 507 consumers, specifically asking for their experience and opinions on fixed term contracts in energy. The results of the CUAC research indicates that 86 per cent of consumers are of the view that current arrangements are unfair and 94 per cent of consumers believe that a change in the regulations to prevent retailers changing prices during fixed term contracts is warranted.

Fixing fixed terms

In 2013, Consumer Action and CUAC worked on a project funded by the Consumer Advocacy Panel to develop a rule change proposal to the AEMC. The proposal requests that the AEMC amend Rule 46 to prevent retailers unilaterally varying their tariffs under fixed term contracts.

CUAC and CALC commissioned economic analysis from Dr. Rhonda Smith, an economist at the University of Melbourne, who observed that under current conditions:

- Retailers may initially set prices below the competitive level to attract customers, knowing they can raise them once a customer has signed up.



- When retailers raise prices for captive customers to levels above what a competitive market would produce, customers will consume less than is socially optimal and retailers will earn more than is optimal. Consumers lose more than retailers gain, so there is a net welfare loss. To the extent that customers cannot/do not break their contracts, the position will approach that of a monopoly provider.
- Energy risks are shifted from the retailer to the customer, even though the retailer is much better placed to manage the risks (having both greater incentive and ability to do so).
- Consumers are unlikely to switch retailers at the end of contracts, due to search costs, switching costs, bounded rationality, status quo bias, and the (possibly true) perception that other retailers will be no better, or that they will experience the same price increase anyway.

If the rules were changed to ban raising prices during fixed term contracts, the analysis concludes that:

- Consumers will be less likely to consume above the socially optimal level.
- Consumers will very likely have greater welfare, especially those who are unable to adjust their usage over the term of a contract (due to e.g. lack of upfront capital or already low usage.)
- Energy retailers are likely to take greater steps to manage their risks of cost rises.
- Consumers may be more likely to switch retailers, as search costs are reduced (no need to check terms and conditions for price variation clauses) and trust is improved.

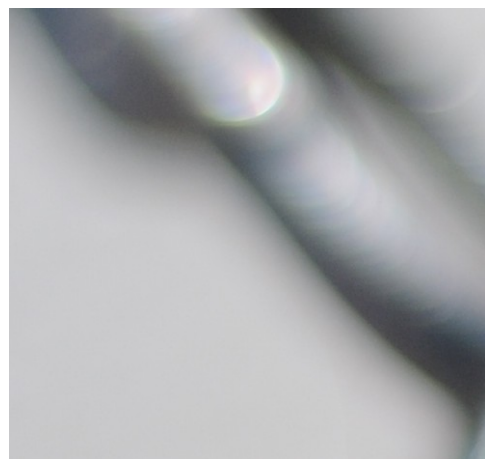
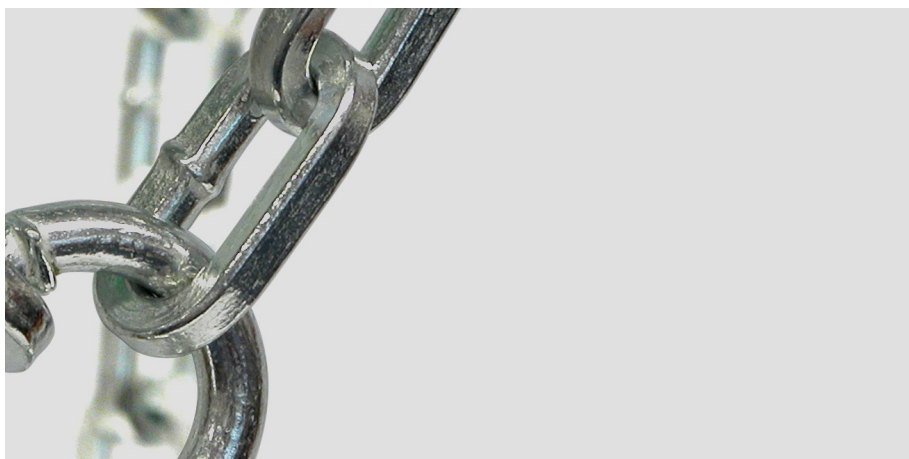
Search costs and risk distribution

Reducing search costs would provide a particularly salient benefit for consumers, and address one of the largest barriers to switching. While Victoria has one of the highest rates of customer switching in the world, the range of offers available and their complexity makes it very difficult for consumers to choose the most appropriate offer for their household.

In a mystery shopper exercise to understand the consumer experience, the Chairperson of the Essential Services Commission recently described his resulting 20 hour “trial by ordeal” trying to choose a new electricity plan using only publicly available resources. Commercial switching sites should help consumers with this complexity, but past CUAC research has documented their problems.

Managing risk

Less obviously for consumers, but no less important, is the principle that risks should be borne by the party most willing and able to manage them. In electricity retailing, these risks are those of higher generation or supply costs, network costs and government charges. Generally, consumers will be both less willing and less able to manage those risks than retailers. Retailers understand the risks much better than consumers and have greater ability to manage them by, for example, hedging on financial markets (essentially, buying insurance), diversifying supply, striking long-term contracts, buying their own power plants or hiring dedicated risk management personnel. And because supply and transportation costs make up a much larger proportion of retailers’



costs than of consumers' household budgets, retailers have more incentive to pay attention to them than consumers do.

It would be far more efficient and equitable for electricity retailers' "fixed term" products to be operated with truly fixed terms and conditions, so that retailers bear the risks and consumers have certainty in the contracts they sign.

It is possible that retailers will incur costs in managing the risks of changing supply and network costs, and seek to pass those on to consumers. While this might lead to an initial increase in prices, it is akin to paying a risk management premium. At the moment, consumers manage the risks themselves—and the costs of unexpected price rises are too high. Because retailers are better at managing these risks, the price consumers would pay to have retailers manage risk should be lower than the costs consumers bear in managing risks themselves.

Fix It!

To accompany the rule change proposal, Consumer Action have launched a public campaign: Fix It! (www.fixit.org.au) The Fix It website allows consumers to sign a petition supporting the proposed rule change, and also allows them to send feedback to the AEMC, who will ultimately decide on the proposal's success. We encourage you to visit the website and circulate the link among your networks.

AEMC consultation

As a first step in their process, the AEMC has released a consultation paper that sets out the key issues they are considering in their decision. These

include:

- whether the current rules regarding price changes in fixed period contracts affect the application of consumer protections;
- whether price changes in fixed period contracts, together with exit fees and other transaction costs, hinder consumers from engaging in retail energy markets;
- how prohibiting price changes during fixed period contracts may affect contract prices, the choices available to consumers, and the level of competition in retail energy markets. In particular, the AEMC will consider the degree to which retailers are likely to charge consumers higher prices for providing price certainty; and
- whether retailers are passing on risks in fixed period contracts to their customers rather than managing the risks efficiently.

The AEMC is calling for submissions from the public by March 27. We encourage everyone interested to respond supporting our proposal. If you would like to be involved with a submission, or you would just like to support the rule change, please get in touch with Martin Jones martin.jones@cuac.org.au

The AEMC's rule change consultation paper, as well as the CUAC/Consumer Action rule change proposal, can be found on the AEMC's website at <http://bit.ly/1g09qSf>



Switching sites code of practice

In past years, CUAC research into commercial energy price comparison and switching websites found several shortcomings, including a lack of accuracy in calculations, a lack of transparency, inconsistent assumptions and presentation, and low quality information.

Principles for a voluntary code

In response, CUAC developed a set of principles for a voluntary code of conduct (based in part on the UK code) to cover the price comparison and switching service industry. The principles were endorsed by a dozen consumer organisations and have been broadly welcomed by the Energy Retailer Association of Australia, Energy Assured Limited, and some of the price comparators and regulators that CUAC spoke with.

National stakeholder forum

To catalyse the development of an industry-supported voluntary code of conduct, CUAC received funding from the Consumer Advocacy Panel to bring together relevant stakeholders nationally in a forum, *Toward a voluntary code of conduct for energy switching services*.

The forum was held by CUAC in December 2013, and was attended by 39 stakeholders from the energy sector, including seven comparator and switching service companies, seven consumer and community organisations, seven retailers, the Energy Retailers Association of Australia, the Australian Competition and Consumer Commission, the Australian Energy Regulator, the Essential Services

Commission, the Energy and Water Ombudsman (Victoria), Consumer Affairs Victoria, and the Department of State Development, Business and Innovation.

Key themes in the presentations and discussions during the forum included:

- the importance of switching sites for consumers and markets
- the value of integrity and trust
- the need for early stakeholder engagement and consultation in any code development
- gaining widespread support & buy-in for a code
- code flexibility
- having clear objectives for a code
- the need for standards and sanctions in a code
- the issue of resources – who pays for code development?
- the switching experience as holistic process

Next steps

While there was no unanimity about the need for a code of conduct in the switching and comparator service industry, there was support from all for ongoing dialogue. Close to 20 participants expressed interest in pursuing further action regarding a code.

CUAC is currently exploring options for funding and resources to facilitate the next meeting. Anyone able to assist or interested in the progress of this initiative can contact Martin Jones at martin.jones@cuac.org.au



Low income energy programs cut

In December 2013, the Federal Government announced funding cuts to two major energy saving programs of which CUAC is a supporter: the Low Income Energy Efficiency Program (LIEEP) and the Home Energy Saver Scheme (HESS).

Low Income Energy Efficiency Program

The Government significantly reduced the budget of LIEEP, a merit-based grants program which provides funding to consortia of Government, businesses and community organisations for projects to improve the energy efficiency of low income and vulnerable households.

CUAC joined a consortium of partners to support the Springvale Community Aid and Advice Bureau (SCAAB) in its application to LIEEP to fund the *Rewired-Saving Energy in CALD Communities* project (*Rewired*). The *Rewired* project was designed to assist culturally and linguistically diverse (CALD) families reduce their energy bills in the City of Greater Dandenong by engaging with 400 low income households with an aim to promote behavioural change and address barriers experienced by CALD communities.

In July 2013 SCAAB was awarded \$2.3 million for the project. It was officially launched with Commonwealth Attorney-General Mark Dreyfus, with a number of community organisation and local media in attendance. Subsequent funding cuts to the LIEEP program resulted in the withdrawal of funding for the *Rewired* project, in addition to other projects that had not progressed beyond the funding agreement

negotiation phase.

Notwithstanding the funding cuts to LIEEP, due to the overwhelming community support for this program, SCAAB is committed to seeking new avenues for funding and new programs aimed at supporting local communities, particularly local migrant communities, who are financially vulnerable to rises in energy costs.

Home Energy Saver Scheme

Similarly, in December 2013 the Government announced that it would discontinue the national Home Energy Saver Scheme (HESS) by June 2014. The HESS program has been delivered by non-profit organisations that provide financial counselling services throughout Australia. The program aims to provide free support to low income households experiencing difficulty paying for energy costs by offering assistance, including one-on-one budgeting assistance and free home visits to eligible households to receive tailored energy and financial management information.

Kildonan UnitingCare has been funded by HESS to provide assistance to low-income households in Victoria since the program's inception in July 2013. Kildonan UnitingCare publically expressed their disappointment that HESS was subject to funding cuts, noting that it has provided assistance to vulnerable households, helping them to achieve up to \$300 in yearly savings on energy bills.

CUAC is disappointed at the loss of these important programs and will work with stakeholders in 2014 to promote further energy efficiency initiatives.



A new Energy White Paper

The Federal Government has begun the process of developing a new Energy White Paper (EWP) to guide the future formation of federal energy policy.

The first step in the process has been the release of an Issues Paper. Responses to this will inform development of a Green Paper, followed by a further round of public input and finalisation of the White Paper. CUAC's submission to the initial consultation covered a broad range of topics.

Energy security

CUAC supports more effective engagement with the community and consumer advocates on energy issues such as reliability standards, particularly where they are directly affected by decisions. Policy decisions on reliability standards are not exclusively made on technical or economic grounds but frequently involve values, objective-setting processes, and complex trade-offs. Our submission referred to CUAC's recent report on consumer engagement (see p. 12) which describes some of the features of good practice engagement—of relevance to consultation on reliability standards.

Gas

Gas issues go beyond increasing supply, and include:

- the suitability of current network infrastructure to meet future patterns of demand;
- the effect of higher prices on gas usage, in particular a possible 'death spiral' effect or stranded network assets;
- the effect of higher prices on low income, disadvantaged, and vulnerable groups, and those with limited fuel choice (e.g. renters or social housing tenants);
- technology neutral policy that puts alternatives to gas on an equal footing;
- consumer perceptions of gas and the government's role in creating these perceptions;
- who benefits and who loses from coal seam gas development;
- the appropriateness of a domestic gas reserve; and
- the possible negative short-term and long-term environmental effects of increased development and consumption of gas.

Tariffs

On electricity tariffs, CUAC submitted that flexible pricing should be on an opt-in basis, requiring the customer's explicit informed consent. Flat tariffs should also be available to accommodate customers who do not benefit from flexible pricing. Such initiatives should also consider the needs of disadvantaged and vulnerable consumers. We support allowing consumers to revert back to their original non-flexible tariff without the payment of any fees or charges. This can encourage consumers to try flexible pricing by reducing the risk of financial detriment if the tariff is not appropriate.

Energy productivity

On energy productivity, CUAC's submission noted that work by the One Million Homes Alliances has



indicated that upgrading housing stock would be a cost-effective way to significantly reduce cost of living pressures, increase the liveability of homes, supporting job creation and innovation, and deliver savings on energy concessions.

The split incentive problem for rental housing should be addressed with improvements in building standards and regulations. This should be supported by well-targeted energy efficiency programs.

Demand side participation

CUAC believes that demand side participation has the potential to assist consumers to better understand and manage their energy use, thereby reducing their bills. For demand side participation to be effective, however, consumers need information, education and enabling technology and tools (e.g. in-home displays, web portals, independent price comparators so that they can make informed decisions about how and when they use electricity. In addition, the right incentives must be in place for both consumers and industry. For businesses, these incentives need to encourage support for consumer choice and efficient investment in demand side participation products, rather than in network augmentation.

Smart metering

Smart metering opens the door to new products and services such as supply capacity control (SCC), direct load control (DLC) and critical peak pricing/rebates. While these products and services have the potential to benefit some customer groups, they also have the potential to cause consumer detriment. We have concerns around safety, potential damage to appliances, the need to protect vulnerable customer groups from products/services which may be

detrimental to them (e.g. people with medical and cooling needs, life support, customers experiencing financial hardship).

Emerging energy sources

On emerging sources of energy, we suggested that any review of existing network tariff structures should consider the system as a whole and revisit the underlying assumptions of the original tariffs, rather than seeking to simply 'bolt on' provisions for new technologies. In particular, consideration of cost-reflective network tariffs should include the extent to which energy systems are the providers of essential services and how cost-reflectivity is balanced against the ability of all groups to pay for these services. Additionally, the paradigm of cost recovery for past expenditure should not be taken as a given where private investment has been made on expectations that have not been fully met.

Including consumers

While the Issues Paper covers a great deal of ground, CUAC is concerned that the overall focus is almost exclusively economic, with consumer welfare in both the short and long term, as well as the particular needs of vulnerable consumers given insufficient consideration. Our submission emphasised the importance of ensuring access to, and the affordability of, electricity and gas services to all Australians, and asked the Government to consider how the positions articulated in the Energy White Paper impact on disadvantaged and vulnerable consumers. We hope to see this wider focus in the upcoming Green Paper.



Choosing an electricity offer

Although choosing the right electricity offer can mean annual savings of hundreds of dollars, many consumers are convinced that comparing and switching is too complicated. But with Victoria's new government price comparator, is saving by switching really that hard?

Studies in Australia and overseas have consistently found that the perceived effort involved is a significant barrier to switching in energy markets. When asked why they haven't switched, or don't intend to, consumers tend to say that they can't be bothered, that it doesn't seem worth the effort, and that switching seems complicated.

This is particularly so for low-income and disadvantaged consumers, who appear to be less likely to shop around and switch proactively. In CUAC's consultation with seniors, we've also heard that mistrust is a related issue: there is a sense among older people that electricity offers are *deliberately* confusing.

While offers were already complex before the widespread introduction of flexible pricing, the influx of new and complex tariffs since September 2013 means that comparing now requires more complicated calculations as well as a detailed understanding of the individual household's consumption.

Enter My Power Planner

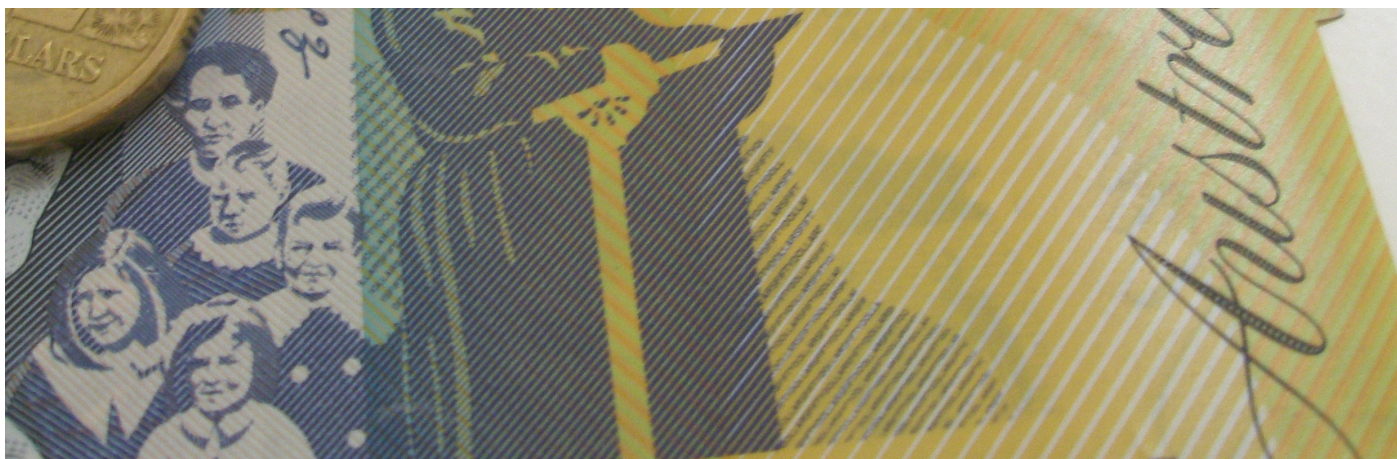
Fortunately, Victorians now have access to a comprehensive, independent price comparison website that allows consumers to make an 'apples with apples' comparison of all available electricity offers. The government comparator, My Power Planner, makes all the complex calculations behind the scenes and presents a good estimate—based on the household's own consumption pattern—of how much each offer would cost over a one-year period. Unlike many private price comparison sites, My Power Planner does not favour the offers of any particular retailer.

Using My Power Planner

To use My Power Planner, consumers do have to provide information about their household's energy use. There are two ways of doing this.

One option is to provide data—in the form of a file—from the household's own smart meter. This data file has to be provided by the household's retailer or distributor. Unfortunately, the process can take time and effort, and there have been some reports of consumers being unable to obtain their data file. Another difficulty is that the data file needs to include 12 whole months of smart meter data. This isn't available for customers whose meters have only been installed (or made fully operational) recently. With time, CUAC hopes to see government and industry cooperating to make it much easier for consumers to use their smart meter data with My Power Planner.

In the meantime, however, consumers can get a fairly accurate estimate simply by answering a few questions about their household energy use. To do



this, they'll need to have a recent bill handy. My Power Planner uses this information to generate a model of how the household uses electricity over the course of the day, week and year. (My Power Planner refers to this as a 'Power Profile'). This model is then used to calculate how much each available offer would cost the household.

'Build a Power Profile' screen

Results

Whether smart meter data or the Power Profile option is used, My Power Planner displays results in the form of a list of offers sorted from the cheapest to the most expensive (not including any special discounts). While this is the default display, users can also choose to sort the offers in other ways—for example, by price with all discounts included.

Consumers can (and should) also click through to see more information about each offer's terms and conditions. Some key terms and conditions to look out for are:

- Is the contract for a 'fixed term'—that is, a set length of time?
- Can the price be increased?
- How will the customer be billed, and how often?
- What bill payment methods are offered?
- Is it a flat or flexible pricing plan?

Switching

It's important to remember that My Power Planner is only a comparator—it doesn't carry out the switching process itself. Users who find a satisfactory offer then need to contact the retailer and ask to sign up. This also means that My Power Planner is a useful tool for people who are cautious about switching and want to take their time to print and consider offer information before making a switch.

Using My Power Planner with clients

Some of the consumers who could benefit most from the savings that can come from switching will need assistance to access and use My Power Planner.

CUAC has written a guide for community organisations and workers, which describes step-by-step how to work with a client on the price comparison process. Find the guide at <http://energyinfohub.org.au/resources>

Saving money by switching to a better energy plan

A guide for community workers

If you only have a few minutes, the essential information from this guide is:

- Your clients might be able to save money on energy bills by switching to a more suitable plan.
- If a client is in debt to their energy retailer, or is facing disconnection, they shouldn't switch until after these issues are resolved.
- Before switching, clients should check whether they will need to pay an 'exit fee' to leave their current contract.
- The best way to compare energy plans is to use an independent online price comparator. For electricity, use [My Power Planner](#). For gas, use [Your Choice](#).
- It's important to check the terms and conditions before switching to a new plan.
- Sometimes there are problems or delays when a household switches. If problems can't be solved with the retailer, call the [Energy and Water Ombudsman \(Victoria\)](#) on 1800 500 509.

energyinfohub
resources for community organisations



Meaningful and genuine engagement

In November 2013, CUAC released a new research report, *Meaningful and Genuine Engagement: Perspectives from Consumer Advocates*.

Growing interest in engagement

Across Australia, we have recently seen an increase in the number of government, regulatory and business engagement processes calling for input from consumer advocates and the community. This reflects the growing recognition among government and regulators that securing the long-term interests of consumers necessitates input from those consumers. Given this, CUAC wanted to capture the views of consumer advocates on what good consumer engagement looks like. Our aim was to assist energy and water businesses, regulators and government to engage more effectively with the community and consumer advocates.

The research

Using semi-structured face-to-face or telephone interviews, CUAC's research captured the voices of 28 advocates who had extensive experience as participants in the engagement processes of government, regulators and industry. As well as having a depth of professional knowledge and experience in utilities and other consumer issues, some of these advocates had also undertaken their own engagement with the community.

Based on the experiences and insights shared by this group of advocates, the report identifies the characteristics of effective community and consumer engagement and recommends resources, including

toolkits and 'how to' guides, that can guide best practice engagement.

Genuine and meaningful?

While several factors distinguish a good engagement process from a bad one, an overarching theme that emerged from the research was the need for community or customer engagement that is *meaningful* and *genuine*. Most interviewees said that they had participated in consultations that were tokenistic or had predetermined outcomes, where the body undertaking the engagement was not prepared to have their views challenged.

Interviewees suggested that more effort should be made to encourage participation from groups that are often overlooked in engagement processes, including people from rural and regional communities, single mothers, Aboriginal people, people with disabilities, people from culturally and linguistically diverse backgrounds.

Interviewees valued engagement processes that were transparent, with open communication and feedback to participants on how their input influenced decision-making. They perceived an engagement process to be more meaningful and genuine when it had top-level management support and where the contributions made by participants were acknowledged.

Consulting on complex issues

The complexity of some energy and water issues can present a barrier to engagement, so CUAC's report gives specific consideration to consulting on complex issues.



Interviewees stressed that a good engagement process should break down complex information so that it is more digestible. They suggested the use of plain English, Easy English, and the avoidance of jargon. Non-text information such as infographics and visuals could encourage the involvement of people who were often underrepresented in engagement processes.

Interviewees encouraged bodies undertaking engagement to consider using staff with specialised communication skills to help improve the accessibility of information. They also suggested framing questions and issues in a way that makes clear their relevance to the participants' day-to-day lives, such as how a proposal impacts their bill amount and the way they use energy.

Face-to-face discussions were a preferred method for engagement on complex matters, because this allows for deliberative engagement and interaction between the body undertaking the consultation and the participants. Given the complexity of some issues, capacity building was also thought to be a necessary pre-requisite to informed consumer engagement.

Reaching a wide stakeholder group

For a variety of reasons, it can be difficult to get direct feedback from some disadvantaged groups. In these cases, interviewees suggested engaging with peak bodies and community representatives who are the 'gatekeepers' in the community.

Interviewees also suggested using a variety of engagement methods in order to reach as wide a group of people in the community as possible. Methods might include, for example, face-to-face discussions through working groups, focus groups, public forums, and customer consultative committees, emails and other web-based methods, surveys and

community events.

Evaluation

Interviewees thought that evaluation by independent experts across a range of processes, at regular intervals and using a variety of evaluation methods, could provide useful feedback on whether their objectives of engagement have been achieved and what the participants' experience of the engagement was.

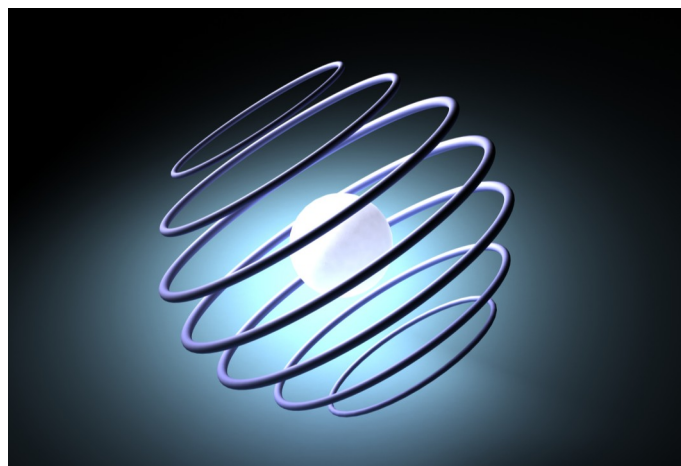
AER guideline

CUAC's report was released shortly after the Australian Energy Regulator (AER) released their guideline on consumer engagement. The AER's guideline describes the framework for distribution businesses to better engage with their consumers so that consumer perspectives are taken into account in the businesses' proposals. Consequently, many distribution businesses have been looking at ways in which their customer consultative committees can more effectively feed into network revenue and pricing proposals.

Future work

CUAC has had enormous support for the report since its launch in November. We have presented the research findings to the AEMC, industry and at a conference. We are keen to continue working with government, regulators and industry on the issues identified in our research. We hope to bring key stakeholders together this year to explore recent publications and approaches to consumer engagement.

Meaningful and Genuine Engagement: Perspectives from Consumer Advocates is available for download on the CUAC website.



Harmonisation update

The final decision for the *Harmonisation of the Energy Retail Code and Guidelines with the National Energy Customer Framework* (NECF) and the finalised *Energy Retail Code (version 11)* (ERC v11) were due to be released in early October 2013.

The Essential Services Commission, however, recently became aware that the ERC v11 had to meet the requirements of the *Subordinate Legislation Act 1994* (SLA) before it could be released. The Commission has been working with the government to satisfy the requirements of the SLA, but has been unable to provide a new timeframe for release of the final documents.

In mid-2012, the Victorian Government announced that it would defer the state's transition to the NECF, the national framework regulating energy retail and distribution and setting out energy-specific consumer protections. The Government said it would explore opportunities to align Victoria's retail and consumer protection arrangements with the NECF— but only where this would not lower protections for Victorian consumers. In late 2012 the Commission initiated this process of 'harmonising,' wherever possible, the regulations contained in Victorian codes and guidelines with the NECF.

CUAC made two joint submissions to the harmonisation process, in February and August 2013, both available on our website.

Energy policy announcements

In a radio interview on January 29, Victorian Minister for Energy and Resources the Hon Nicholas Kotsiras MP announced several important energy policy changes.

Of relevance to the Fix It! campaign and rule change request (see p. 3), the Minister announced that retailers will no longer be permitted to use the phrase 'fixed term' to describe contracts that have a set length, but allow retailers to increase prices during the period.

Also among the reforms outlined were changes to the Wrongful Disconnection Payment (WDP). The WDP is a payment that retailers are required to make to customers who have been 'wrongfully' disconnected—that is, where all relevant provisions of the Energy Retail Code have not been followed before the customer was disconnected. While the WDP coincided with a substantial drop in disconnections when it was introduced, its effectiveness appears to have decreased. Minister Kotsiras announced that the WDP payment would be increased from \$250 to \$500 per day.

Another welcome change is the new three month limitation on backbilling (currently limited to 9 months).

The Minister has also commissioned an independent review of smart meter safety in light of the concerns still held by some in the community.



Protections at stake in competition review

In late 2013 the Federal Government announced a comprehensive “root and branch” review of competition policy, the first since the Hilmer Review of the 1990’s. Significant restructuring to power, gas, transport and telecommunications followed the Hilmer review, with the Productivity Commission pointing to the welcome gains in productivity.

Many economic analysts, including Fred Hilmer himself, are welcoming this next review. They claim that reform has stalled at the implementation stage and that technological change has dramatically changed how business is conducted, making a review overdue.

The draft Terms of Reference have already been released and the panel is being established. Four principles will guide the panel. Interestingly, one of these principles identifies a preference for the private sector to operate in preference to government where markets are functioning or can function effectively, or where contestability can be realised. Under the fourth principle the panel has been directed to be mindful of removing the regulatory burden on business.

Of particular relevance to consumer advocates generally will be the fact that the review will examine the Competition and Consumer Act, including the role of the Australian Competition and Consumer Commission’s (ACCC)’s consumer protection function

and how this sits with its competition oversight responsibilities. It will further consider the division of powers and responsibilities between the ACCC and the Australian Securities and Investments Commission (ASIC).

Of particular relevance to energy and water policy, the panel will assess the competitiveness of key markets, including groceries, utilities and automotive fuel. The panel will examine whether concentration and vertical integration in these markets impact on the welfare of Australians, a matter CUAC has researched in relation to electricity and gas market concentration.

The Review Panel has been charged with consulting through engagement with all interested stakeholders. At a minimum, the Review Panel is required to publish an issues paper, hold public hearings and receive written submissions from all interested parties. The Review Panel will subsequently publish a draft report and hold further public consultations, before providing a final report to the Government within 12 months.

The consumer voice must be brought to this wide-ranging review. CUAC will be commenting on the matters within our ambit, while urging other consumer and community organisations to be engaged. We are happy to support other organisations with information about the process and CUAC’s submissions.

CUAC news

New Reference Group member

CUAC would like to welcome our newest reference group member, Women's Health Goulburn North East (WHGNE). WHGNE is an independent, feminist organisation committed to improving the health and wellbeing of women in the Goulburn Valley and North East Victoria. WHGNE is dedicated to promoting the health outcomes of all women, and to improving the delivery of health and community services. Karen O'Connor, a Microfinance Project Worker at WHGNE, will sit on CUAC's Reference Group on behalf of WHGNE.



Karen O'Connor with CUAC EO Jo Benvenuti and Chair Rhonda Held

Community energy presentations

CUAC has always welcomed opportunities to speak to community groups and organisations about energy topics, but in 2014 this work will become more of a focus. CUAC is available to deliver presentations to your clients, members and communities on energy topics, including energy basics, reading bills, concessions, payment difficulties, saving energy, choosing an energy deal, smart meters and flexible and flat pricing. We can tailor a presentation to suit your group's needs and interests and are able to travel to rural and regional communities.

To arrange a presentation, contact Caitlin Whiteman, Project Manager—EnergyInfoHub at caitlin.whiteman@cuac.org.au or on (03) 9639 7600.

CUAC submissions, October 2013—January 2014

CUAC made the following submissions between October 2012—January 2014:

- Essential Services Commission—Developing an approach to measure the effect of additional hardship allowances (joint submission)
- Standing Council on Energy and Resources—National Smart Meter Consumer Protection and Safety Review—National Energy Retail Rules Amendment Rule 2013 (Joint submission)
- Australian Energy Market Commission—Publication dates for Gas Statement of Opportunities and Gas Victorian Annual Planning Report (Confidential submission)
- Australian Energy Regulator—Regulation of alternative energy sellers under the National Energy Retail Law
- Essential Services Commission—Proposed amendments to checklist for Minimum Reasonable Endeavours—Hardship-Related GSL
- National Water Commission—Urban Water Futures Discussion Paper
- Australian Energy Regulator—Phase II of Energy Made Easy: Proposed Offer Results Display
- Australian Government Department of Communications—Optimal period of registration on the Do Not Call Register

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