

CUAC Rural and Regional Network Newsletter

May 2010

Gas, water and electricity consumer issues in rural and regional areas

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Memories of the heat and bushfires of February 2009 are still painful for many Victorians. In this edition of the Rural and Regional Network (RRN) Newsletter, David Stanford outlines CUAC's work in addressing issues arising from the interaction between heat and bushfires and rural electricity infrastructure.

CUAC has also been visiting rural and regional Victoria. I am pleased to recommend Anita Lumbus' article describing a project that CUAC is developing to address the energy and water needs of Indigenous Victorians.
Jo Benvenuti, Executive Officer

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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

Views expressed in the newsletter are not necessarily those of CUAC.



Indigenous Research and Action Project

Anita Lumbus

CUAC Policy Officer, Indigenous Research and Action Project

CUAC visited agencies in Mildura in February and Gippsland in March as part of a project being developed to ensure the right to affordable and sustainable electricity, gas and water for Indigenous consumers. For the Indigenous Research and Action project, CUAC is working with Indigenous and non-Indigenous partners to identify and address barriers experienced by Indigenous people in accessing energy and water as essential services.

In Mildura, Jo Benvenuti and Anita Lumbus met with representatives of the Mildura Aboriginal Corporation, the Murray Valley Aboriginal Cooperative, the Mildura Advocacy and Rights Centre, Mallee Family Care and Consumers Affairs Victoria (CAV). In Morwell and Bairnsdale, CUAC visited the Gippsland and East Gippsland Aboriginal Cooperative, Quantum Support Services and the Victorian Aboriginal Child Care Agency Cooperative. CUAC learnt about the work of these organisations and some of the needs of consumers. Jo and Anita also talked about current and emerging utilities issues, and distributed consumer information from agencies such as the Energy and Water Ombudsman of Victoria (EWOV) and the Department of Human Services (DHS). EWOV, the DHS Concessions Unit and Sustainability Victoria have committed to partnering with CUAC on the project.

Ensuring the right to affordable and sustainable electricity, gas and water has been recognised as a priority as part of the National Indigenous Consumer Strategy Action Plan 'Taking action, gaining trust'. The strategy, developed and implemented by the Ministerial Council on Consumer Affairs (MCCA), aims to continually improve Australia's performance in Indigenous consumer affairs, ensuring that benefits are delivered to consumers. The three areas for improvement in 2010-2013 are trading practices, housing and consumer literacy. An important element of the key priority area of housing is to address the disadvantage and discrimination occurring in billing and disconnecting processes for overdue accounts for Indigenous consumers. This is to be achieved by working with industry and regulatory bodies, increasing consumer education about water and energy consumption, access to hardship provisions, resolution processes and financial counselling services.

Research has also highlighted the need for effective and creative models for the delivery of consumer education and product information to Indigenous consumers. The Victorian Aboriginal Legal Service has found that mainstream services including complaint mechanisms need to be accessible and user friendly for Indigenous Victorians, with consumers 'skilled up' and empowered to ask questions and identify relevant information for consumer decision-making. VALS also notes that cultural awareness training within mainstream services is important so that staff understand the barriers to making complaints, and services are more able to meet the needs of vulnerable consumers.

CUAC is seeking funding for research that will address these issues. One important part of the project will be a survey of energy and water businesses about their policies and practices, in addition to a needs analysis of consumers and organisations. The planned project would comprise six months of research, followed by action based on the research findings. These actions would include an energy and water forum with key stakeholders and the development of a consumer resource specific to the needs of Indigenous consumers.

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For more information about the project please contact Anita Lumbus at CUAC on 03 9639 7600 or anita.lumbus@cuac.org.au



L-R: Anita Lumbus (CUAC); Jo Benvenuti (CUAC); Yanping Xu (CAV); Lilian Bowden (CAV); Marie Murray (Murray Valley Aboriginal Co-operative); Ceno Biles (Mildura Aboriginal Corporation)

Inquiry into the Adequacy and Future Directions of Public Housing in Victoria

The Family and Community Development Committee of the Parliament of Victoria is conducting an *Inquiry into the adequacy and future directions of public housing in Victoria*. The inquiry will examine the state and impact of public housing waiting lists, the adequacy, quality and safety of public housing, and the impact of public housing need on specific groups. CUAC's submission to this inquiry focussed on issues of heating, cooling, affordability and energy efficiency in Victoria's rural and regional communities.

CUAC's submission highlighted the need for public housing authorities to take account of local conditions when making provision for heating and cooling. During consultations with Indigenous stakeholders in Mildura in Victoria's north-west, CUAC heard that lack of access to air conditioning or other appropriate cooling during periods of extreme heat has significant impacts for some public housing tenants, including infants, the elderly, and those with existing medical conditions. At present, air conditioning is excluded from public housing throughout Victoria. This fails to take account of climatic variation across Victoria's regions. For example, people living in the Mildura region experience an average of 77 days per year of temperatures above 30 degrees Celsius, including 30 days of temperatures exceeding 35 degrees.

The cost and suitability of LPG for domestic use by public housing tenants was another central issue raised in CUAC's submission. CUAC has heard that tenants in Aboriginal Housing Victoria properties in the Robinvale area struggle to afford LPG and may therefore go without heating or using stoves. CUAC's submission noted that although the average LPG user has a low household income, domestic LPG users typically pay more than three times the amount that mains gas users pay for equivalent energy use. The requirement to pay up-front, with no payment plan option, creates a further barrier to LPG access.

Energy affordability is a significant issue impacting on low income consumers, and is a

key priority for CUAC in its policy and advocacy work. A number of agencies have expressed concerns about the impact of rising utilities costs on both Indigenous and non-Indigenous public housing tenants.

Related to affordability is the issue of energy efficiency. For instance, inefficient heating through storage heaters (heat banks) is costly for public housing tenants to run. The combined impact of low income and low efficiency means that consumers on low incomes must devote a greater proportion of weekly expenditure on energy. Improved energy and water efficiency has been identified as a priority for stakeholders in the Mildura region, with suggested improvements including access to energy and water saving devices and energy efficient lighting.

CUAC argued that energy efficiency and affordability must be taken into account in the fitting-out of public housing. CUAC's submission related the story of a public housing tenant in Wonthaggi whose off-peak heat bank used a large amount of electricity. Despite the new availability of mains gas in the area, the Office of Housing replaced the electric heat bank with a new heat bank. There was no option for the installation of a mains gas heater, which would have been more efficient and cheaper for the tenant to run.

The Committee is due to report its findings by September 30.

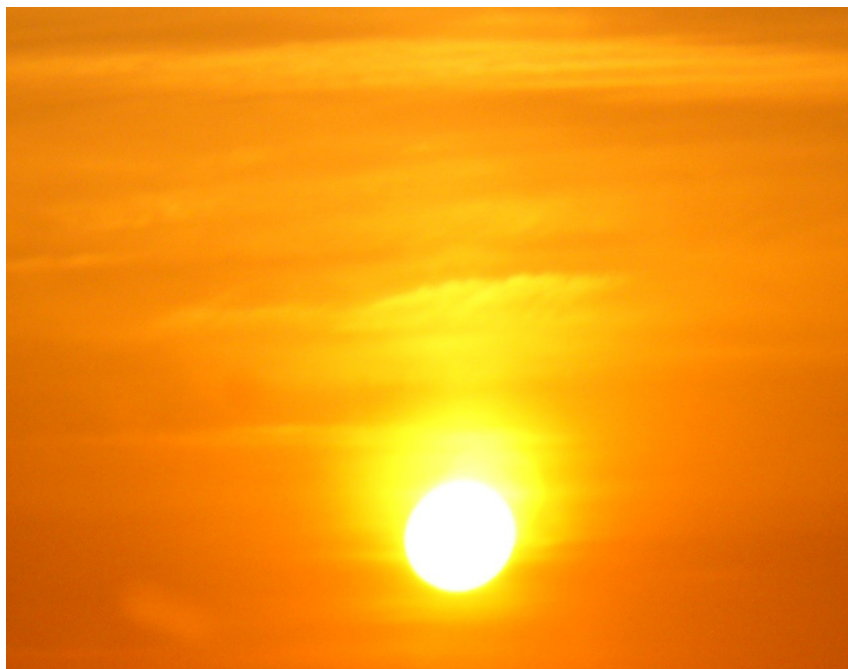
CUAC's submission can be viewed on the CUAC website at www.cuac.org.au

Review of the Effectiveness of National Energy Market Security and Reliability Arrangements in light of Extreme Weather Events

David Stanford
CUAC Policy Officer

The Australian Energy Market Commission (AEMC) is currently in the process of finalising its review into security and reliability in the energy market (NEM) during extreme events. The review was initiated as a result of the February 2009 heatwave event that resulted in widespread electricity outages in Victoria and high wholesale market prices. This was the same heatwave event that coincided with the tragic “Black Saturday” bushfires.

Widespread outages were caused by the failure of the transmission interconnector linking Victorian and Tasmania as well as damage to the network caused by winds and weather. Concerned at these events, the Ministerial Council on Energy (MCE) directed the AEMC to analyse the appropriateness of the current framework for setting reliability standards.



The interim report produced by the AEMC concluded that there may be several adjustments to the reliability and security settings in the NEM that could be considered. These included a proposal that the MCE should provide greater policy guidance on the community expectations/perception of the trade off between price and reliability. The AEMC also sought feedback on reliability issues across different levels of the supply chain as well as different approaches to setting a market price cap.

The outcomes of this review will be important for rural and regional consumers in the NEM. Rural and regional consumers often find that supply reliability and quality is not optimal as a result of low reliability distribution network feeders. CUAC emphasised this issue in its submission and highlighted the need for more work to ensure an appropriate level of reliability in electricity networks in rural areas. CUAC also requested that the AEMC consider the interaction between the reliability standards and state-based safety regimes. It is important that safety regulations developed in response to bushfire risk align with and complement reliability settings established by the AEMC.

CUAC also highlighted the need for more policy guidance from the MCE on community views on reliability and supported the maintenance of the existing regime for setting the wholesale electricity price cap.



Reducing the risk of catastrophic bushfires caused by overhead power lines

David Stanford
CUAC Policy Officer

The Victorian Bushfires Royal Commission (the Commission) is still in the process of considering the cause of a number of bushfires on 9 February 2009. Evidence has been put to the Commission that some of the fires were caused by powerlines damaged during the extreme weather events of the same week. This included evidence that inappropriate network fittings and the use of power lines ill suited to fire prone areas were material in starting the catastrophic Kilmore East fire.

In response to the evidence before the Commission, The Department of Primary Industries and Energy Safe Victoria (ESV) held a national forum on 21 April 2010 on options to supply electricity in rural areas to reduce the risk of catastrophic bushfire. The forum brought power companies, government, technical specialists and community groups together to discuss the issues and various options for reducing bushfire risk. CUAC was a participant in this workshop.

The prolific “single wire earth return (SWER)” power lines, which are present across rural Victoria, were identified as a priority for replacement to reduce bushfire risk. A number of options were proposed for further discussion including the replacing of these lines with an underground alternative or with an insulated alternative.

The problem with a replacement programme for significant swathes of the electricity network is that it is prohibitively expensive. Significant questions remain as to the most appropriate way to pay for these infrastructure upgrades as well as the appropriate type of risk mitigation for different communities and in different environmental conditions.

In CUAC’s view, it is necessary to assess the risk and potential cost of bushfires in fire prone areas against the cost and potential benefits of various options to reduce the potential for bushfires caused by the electricity network. This will require some changes in the way we plan the development of electricity network infrastructure. Local government could be a key player in this process. CUAC also advocated for better co-ordination between regulators, planning authorities and distribution businesses in bushfire prone areas.

ESV announced at the workshop that it will be undertaking a comprehensive review into the most appropriate bushfire risk mitigation strategy for electricity networks in Victoria. CUAC will ensure that the consumer interest is represented throughout this process.

CUAC's Mandate

CUAC was set up by the Victorian State Government to ensure consumers' interests are represented in regulatory and policy decisions on energy and water.

CUAC advocates on behalf of all Victorian consumers, and monitors the needs of low income, disadvantaged, rural, regional and indigenous consumers.

CUAC also researches, and funds research on, consumer utilities issues, and aims to increase knowledge and understanding of these issues across the community.

CUAC advocates on regulatory and systemic issues. It does not have a mandate to deal with individual consumer complaints.

For individual consumer utilities complaints please contact the Energy and Water Ombudsman (EWOV) on 1800 500 509.

