

CUAC Rural and Regional Network Newsletter

March 09

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

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The staff and Board at CUAC extend our sympathies to all of our members touched in any way by the recent fires. As communities and individuals go through the process of rebuilding and restoring, if there are any areas in which CUAC can be of assistance please let us know.

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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.

Heat, bushfires and energy networks

By Jo Benvenuti
CUAC Executive Officer

Following the worst heat and bushfire events on record this summer, the ongoing task remains for those Victorians affected by the bushfires to begin the long road to personal recovery.

Running in tandem with this recovery process is the number of legal and governmental processes in train to examine what took place and what lessons there are for the future. These include the Royal Commission announced by the State Government and the appointment of Christine Nixon as the head of the Victorian Bushfire Reconstruction and Recovery Authority to hear directly from those affected. More than one class action has been announced for pursuit in the courts and there are a number of internal and external departmental and organisational reviews. Both the National Electricity Market Management Company (NEMMCO) and the Australian Energy Market Commission (AEMC) have been asked to undertake reviews regarding the heat events of 29/30 January 2009.

From a utility consumer perspective there are a number of fundamental issues that need to be addressed. However, CUAC is aware that all levels within the distribution and transmission businesses worked extremely long hours and in the field under enormously difficult circumstances. They also experienced the loss of staff and friends. This article is written in the spirit of trying to work together to find better ways forward.

The need for better customer information

In relation to the heat events and load shedding on 29/30 January 2009 one of the fundamental questions that arose was customer access to information about system failures and load shedding in their local areas and the likely times for repair. This is not a new issue. CUAC's Market Issues Reference Group has been actively advocating for improvements to information systems in light of major outages on the power system. Our advocacy arose out of the difficulty arising for business

communities in predicting likely times off supply and the consequent actions they need to take in these situations.

The impact on residential customers can potentially be more extreme. The consequences of losing power in a heatwave can be devastating for those who are ill, with disabilities, the very young and the elderly. Increased death rates have been noted by the Coroner in relation to this heatwave, however, the full implications are yet to be released. Access to timely and reasonably accurate

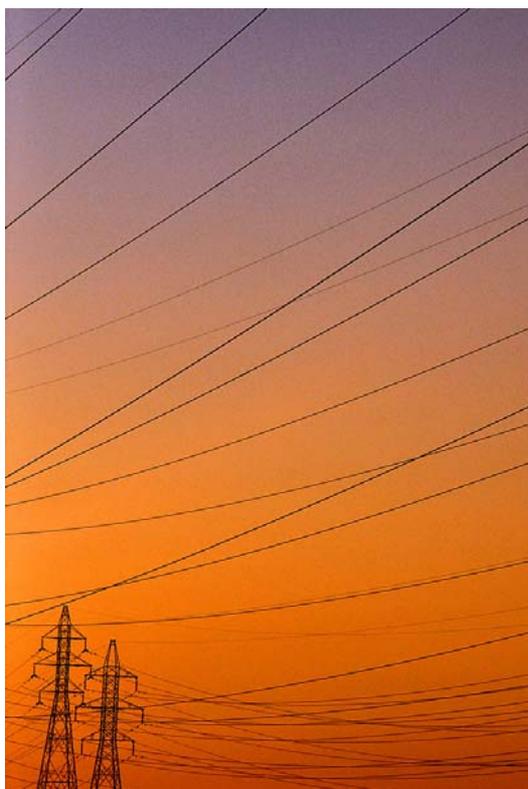
information about likely times for resumption of power is vital for individual consumers and their carers.

Responses from CUAC's previous enquiries to transmission and distribution businesses indicated that the information process had improved by the development of communication arrangements with ABC metropolitan and regional radio. While well intentioned, the recent events showed a number of flaws with that process. Firstly, consumers in Victoria remain confused about who is responsible for the provision of power networks to their homes. Their bills identify their retailer and a faults number, so if they are unable to get through by phone, and are relying on radio, then they often don't

understand what areas are covered by the various distribution businesses making announcements.

Consumers also need local information. If they are without power then they cannot access radios (unless battery operated), television, computers and depending on the severity of events, telephone services. Communication is very hard in this situation. Mobile phones have been put forward as an option, and smart meters may pose an option in the future, however, in the meantime, some innovation is required to address this issue.

A further common criticism of the radio announcements is that they gave little meaningful information, eg "we have crews working on this and it will be fixed as soon as possible". While it is important that the community understands efforts are being made to restore power, this type of



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information offers little practical assistance. CUAC wants this issue addressed as part of the review process.

What kind of network do we want and what are we willing to pay for?

As with the exposed rail network, the overhead line network poses security of supply issues in extreme heat. It has been argued that the events this summer were a “once in a hundred year event” and this may be so in 2009, however, the likelihood of extreme heat and storm events associated with climate change need to be the subject of rigorous analysis in predicting the trends for 2010 onwards. The science supporting these changes is moving rapidly and some would argue that the predictions that provided the basis of the Garnaut Report are now well out of date. Before we answer the question of what sort of system we want, we need to know what the likelihood of climate events is on the network. Consumers need confidence that transmission and distribution businesses are building climate change risks into their planning frameworks.

Low cost, fit for purpose and innovative

Given these recent events, system design will be a fundamental component of the positions put by distribution network service providers to the current Distribution Price Review being conducted by the Australian Energy Regulator and to the rules being developed by the AEMC’s reliability review. The businesses may well argue that the overall system has not improved its resilience to heat events in the last twenty years. Given climate modelling, there may well be a case for arguing that the system should be enhanced to cope better with extreme conditions, particularly, if it is found that the likelihood of outage events will increase substantially over a given planning period.

However, this does not provide an excuse to gold plate the system. Instead, consumers would pose the question, what can be done to improve the system at low cost to make it fit for purpose? This may require a new level of innovation, e.g in the types of transformers and their materials, rather than the need to underground supply. (For example, some transformers simply melted in the heat, and the high

night time temperatures didn’t allow the lines to cool over night.)

It may mean that Australian conditions now mirror some of the more extreme climates across the world and that lessons can be learnt by international comparison.

It could also be argued that the current five year distribution pricing review regime provides a disincentive for more long term forward planning that may provide additional benefit to consumers. These sorts of issues are likely to be explored further in the AEMC’s review.

Security of supply and shortfall of capacity

Apart from system failures as a result of network damage, causing blackouts, capacity issues also led to load shedding where the system was not secure. Tosh Szatow’s article in the March 2009 edition of the *CUAC Quarterly* highlights a number of cost effective energy efficiency measures that could free up spare capacity on Victoria’s networks. However, an additional issue for consideration is the extent to which fire threatened major transmission and generation infrastructure, which could have had the capacity to take out power supply to most if not all of the state depending on the outcomes of the fire conditions, direction and management. More localised power generation and the ability to island networks could have a role to play in mitigating these risks.

Hopefully, bushfire mitigation around major utility assets will constitute a major focus of the Royal Commission and the consequent measures adopted by the State Government to ensure security of supply. Further, the capacity issues of Basslink need to be re-examined in order to maximise this capacity when it is most needed in Victoria, during high temperature conditions.

CUAC is interested in your experiences and ideas regarding these events and will, where possible co-ordinate your input to the review process.

Issues for the future may, for example, include replacement of utilities-related assets, and reconnection fees.

Please contact CUAC on 1300 656 767 regarding your issues and suggestions.

The Bushfire Information Hotline is: 1800 240 667

The Victorian Bushfire Reconstruction and Recovery website contains a wide range of other information including links for financial and legal assistance .

Go to www.wewillrebuild.vic.gov.au .

For contact numbers and details of Energy Company responses to the Bushfires, see the Essential Services Commission website www.esc.vic.gov.au .

Regional visits—we want to hear from you



We would like introduce to our Network members CUAC's new Policy Officer Anita Lumbus. (See also March CUAC Quarterly article, p. 10.)

An important part of Anita's role will be liaising with the Rural and Regional Network members to ensure the ongoing relevance and vitality of the Network.

Anita will be contacting some of you in the coming months to help organize regional meetings to discuss

energy and water issues in your area.

We are interested in hearing from you how CUAC can best be of assistance.

There might be utilities-related projects in your area that we can help along with funding or expertise, or you might have a particular concern that you want raised with regulators or utilities companies.

We will also be canvassing your ideas on the most useful way to proceed with the Network—what would work best for you? - and on better ways of communicating, including any ideas for changes to this newsletter or new ways of staying in touch. If you are interested in organizing a meeting, or if you would like to raise and issues with Anita, please ring her on 1300 656 767, Monday to Thursday.

Down the wire....utilities news....

South Gippsland gets natural gas

Many communities in South Gippsland will soon have access to natural gas for their homes and small businesses for the first time, as part of the Natural Gas Extension Program.

An agreement between gas distributor Multinet and gas retailer Red Energy had been finalised.

Average households can save between \$600 and \$1200 a year by converting from LPG and a medium-sized business can save up to \$30,000 a year. For some big businesses that annual saving can be hundreds of thousands of dollars.

South Gippsland towns are among the final towns to be connected under the Program.

To find out if natural gas is available in your local South Gippsland area visit www.multinetgas.com.au and to apply for a gas connection, phone Red Energy on 131 806.

Because of this change, the Essential Services Commission (ESC) needs to assign a gas Retailer of Last Resort (ROLR) to the non-principal transmission areas of South Gippsland region. Consultation on its draft decision of 11 February 2009 has therefore been extended to 27 March 2009. See www.esc.vic.gov.au for further information.

New solar power station proposed

The State Government will provide up to \$100 million to develop a new large-scale solar power station in Victoria.

The Government is seeking proposals for a solar plant which can produce about 330GWh of electricity per year, enough to power about 50,000 homes. Expressions of interest will be called for immedi-

ately and the aim will be to have the plant operating by 2015.

The Victorian Government funding would be subject to the project receiving matching funding from the Federal Government.

No site has been suggested, but groups in Mildura and Shepparton have already expressed interest.

Abattoir \$990,000 efficiency grant

A State Government grant of \$990,000 will enable one of Australia's largest abattoirs, Midfield Meats, to cut its annual greenhouse gas emissions by 40 per cent and improve its overall energy efficiency.

Midfield Meats is the first beneficiary of the grants under the Water and Energy Efficiency Initiative, designed to help industry in regional Victoria reduce energy and water use.

Midfield Meats will install a natural gas-fired generator to produce electricity and heat, meeting 80 per cent of the site's total demand for energy.

The overall energy efficiency of the site will improve from less than 45 per cent to around 85 per cent. As a result, greenhouse gas emissions at the site are projected to decrease by 40 per cent from 23,000 tonnes to 13,300 tonnes of carbon dioxide per year.

Midfield Meats (\$150,000) and SDA Engineering (\$1.38 million) are contributing the balance of the project's \$2.52 million cost.

Midfield Meats employs 540 staff and has a high energy demand.

For further information on the Water and Energy Efficiency Fund go to www.business.vic.gov.au.