

# ON THE WIRE

National Electricity Market **Capacity Building in the Community Sector**

April 2005

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## PROJECT UPDATE

2005 has already proved to be a busy and challenging year for the NEM Network's advocacy activity.

The Project Coordinator is currently working on two submissions:

- Response to the Ministerial Council on Energy's Consumer Advocacy Consultation Paper, to be submitted on 29 April 2005; and
- Response to the Victorian Department of Infrastructure's Cross-ownership Rules for the Energy Sector Issues Paper, to be submitted on 15 April 2005.

NEM Network members interested in providing their input into these submissions should contact the Project Coordinator.

This year's Project program will include:

- a 1-day community roundtable, most likely to be held in Melbourne in April. The Roundtable will be an important opportunity for a face-to-face meeting of up to 15 community-organisation based energy advocates, to prioritise, plan and discuss advocacy activity for the coming year. Airfares and catering will be provided.
- bi-monthly telephone conferences that are open to all NEM Network members. The telephone conferences are a chance to obtain feedback and discussion on issues of importance for NEM Network members. Members are encouraged to email the Project Coordinator with items to be included in the agenda of upcoming telephone conferences. The next telephone conference will be held at the end of May. The Project Coordinator will email all NEM Network members closer to that time to advise of the telephone conference arrangements.

If NEM Network members are interested in participating in the roundtable they should contact the Project Coordinator.

The objective of the Project is to develop the capacity of the community sector to

participate in debates surrounding the policy and regulatory framework of the NEM. A number of training sessions have been held throughout Australia to increase advocates' knowledge and awareness of NEM related issues. These training sessions will continue into 2005 and NEM Network members should contact the Project Coordinator with specific requests for training topics. Meanwhile, interstate relationships of advocates based in various States/Territories have been developed through the various avenues of communication that are available via the Project and, as a result, greater collaboration and maximisation of resources is occurring. This year's Project program will undoubtedly further develop the ability of the community sector to efficiently respond to crucial issues in relation to the NEM.

**Natasha Leigh**  
NEM Project Coordinator  
Consumer Law Centre Victoria

## FOCUS ISSUE

### Preventing disconnection due to incapacity to pay

Several articles in past editions of *On the Wire* have contained discussion regarding the issue of disconnection of electricity supply due to incapacity to pay. The concern that consumers in genuine financial hardship may be disconnected from electricity, an essential service, because they cannot afford to pay their electricity bills, is clearly shared among consumer groups (and others) across all jurisdictions in Australia. For example, the New South Wales Update in this edition of *On the Wire* provides a timely insight into the impact of disconnection.

This concern has led to the inclusion of different consumer protection measures across the jurisdictions to attempt to address the unacceptable situation that a household may be disconnected from electricity supply due to a genuine incapacity to pay their bills. Some measures, for example, the adoption by suppliers of financial hardship policies, are

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currently familiar in more than one jurisdiction. However, other measures, such as the Australian Capital Territory's (ACT) Essential Services Consumer Council or Victoria's new wrongful disconnection payments, are unique to their jurisdictions.

If the move to a single national consumer protection code for all Australian energy consumers eventuates, the different measures currently adopted on a jurisdictional basis to address this issue will need to be harmonised and stakeholders will need to consider what approach a national uniform code should take towards preventing disconnection of consumers due to incapacity to pay. However, as has been noted by many consumer advocates, it is important that any consumer protection code finally developed should not result in a "lowest common denominator" approach to consumer protection, particularly protection from disconnection. Rather, a single national consumer protection code should adopt best practice standards.

#### ***Obligation to take capacity to pay into account***

At a minimum, consumer groups would probably agree that any national consumer protection code must oblige electricity suppliers to take a customer's capacity to pay into account before they are permitted to disconnect supply for non-payment. This is generally done by prohibiting disconnection of the customer until the supplier undertakes certain steps, which include processes to deal with customers facing payment difficulties. However, the extent to which capacity to pay must be taken into account can vary and this has historically been a source of debate between consumer groups and industry.

For example, the Victorian *Energy Retail Code* currently contains a basic form of this type of protection. If a customer is having payment difficulties, their electricity (or gas) retailer must assess the customer's capacity to pay and offer an instalment payment plan under which instalment payment amounts reflect the customer's consumption needs and capacity to pay. The retailer must not disconnect the customer without first undertaking these (and other) steps. However, while in theory these obligations provide good protection to households in hardship, the practical experience of Victorian consumers and consumer groups has been that these obligations lack detail, meaning that their implementation is not always clear. Further, there has been a lack of enforcement of these obligations to ensure compliance by retailers.

For these reasons, an obligation to take capacity to pay into account would not, on its own, represent best practice in addressing disconnection due to incapacity to pay.

#### ***Financial hardship policies***

A financial hardship policy is a more detailed set of procedures implemented by a supplier to guide its dealings with customers experiencing payment difficulties. Financial hardship policies may include processes to identify customers experiencing payment difficulties at as early a stage as possible, to treat each case in a sensitive manner, to offer these customers a range of options to deal with their accrued debt and ongoing consumption needs taking into account all of their circumstances and to assist these customers to reduce consumption in a sustainable manner. Financial hardship policies will also generally provide that the supplier must not disconnect supply to a customer until the supplier has complied with the procedures set out in the policy.

Financial hardship policies therefore represent a more sophisticated way of taking capacity to pay into account as opposed to a bare obligation such as the one described earlier. Indeed, several electricity (as well as gas and water) suppliers have voluntarily adopted financial hardship policies. However, without a mandatory obligation on suppliers to adopt a financial hardship policy, they will continue to lack enforcement "teeth", meaning that their effectiveness in preventing the disconnection of consumers in financial hardship may be limited.

This raises the question of whether a national consumer protection code should include a mandatory obligation on suppliers to adopt financial hardship policies. Many consumer groups have been active for some time in arguing for just such a requirement within the consumer protection frameworks of their own jurisdictions. This is for several reasons. Most obviously, a mandatory obligation ensures that all suppliers, not just the more progressive, adopt hardship policies, granting protection to more consumers. Secondly, it is assumed (or at least hoped) that the threat of enforcement action for non-compliance with a mandatory obligation will lead to increased compliance, resulting in less disconnections. Thirdly, creating a requirement to adopt a hardship policy provides scope to specify best practice guidelines for the contents of the policies. By contrast, voluntary policies do not have to comply with minimum standards of any sort.

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Finally, creating a requirement to adopt a hardship policy also provides scope to mandate that the policies be reviewed regularly to ensure that they remain responsive to changing needs or emerging problems.

Governments and regulators have largely resisted, at least until recently, the push to impose mandatory obligations on suppliers to adopt financial hardship policies. A compromise approach may be to include detailed specifications of the assistance which must be provided to customers with payment difficulties in the body of a consumer protection code, such as the new Western Australian *Code of Conduct (For the Supply of Electricity to Small Use Customers)* has done, without requiring the adoption of more detailed policies by each of the suppliers. Either way, however, the issue will need to be carefully considered in the development of a national consumer protection code.

#### ***Independent umpire***

The ACT has implemented a unique approach to protecting consumers in financial hardship who are facing disconnection of their electricity supply due to non-payment. Although consumers in the ACT must still generally, as a first step, attempt to resolve any payment difficulties directly with their supplier, the ACT has established an “independent umpire” to protect consumers in hardship who are unable to resolve their problems at this level.

The Essential Services Consumer Council (ESCC) is an ACT statutory authority with the power to direct suppliers not to disconnect, or to reconnect, a consumer while the ESCC investigates the consumer’s circumstances. The ESCC may assist in developing a payment plan for a consumer in hardship and, in special circumstances, may discharge a debt on behalf of a consumer. The role of the ESCC was discussed in detail in the ACT Update in the September 2004 edition of *On the Wire*.

The independent umpire approach is attractive because it removes the focus from assessing who is to blame for a consumer’s situation and whether all legal requirements have been met in dealing with the consumer, and instead concentrates on producing a solution that ensures the consumer remains connected to supply. Although uncommon among other jurisdictions, any process that works towards a national consumer protection code should consider whether the independent umpire model should be incorporated as best practice protection of consumers in financial hardship.

#### ***Wrongful disconnection payments***

Victoria has also recently adopted a unique measure to address the disconnection of consumers in financial hardship. In late 2004 the Victorian parliament passed the *Energy Legislation (Amendment) Act 2004* (the **Act**), which made a number of important changes to the laws that govern the regulation of the Victorian energy industries. One of the more significant changes made by the Act was the insertion of a new obligation on energy retailers to make “wrongful disconnection payments” to customers in certain circumstances.

This new obligation, which came into force on 8 December 2004, is stated to be a licence condition, making a payment obligatory if the retailer disconnects the supply of electricity or gas to the premises of a ‘relevant customer’ after failing to comply with the terms and conditions of the contract specifying the circumstances in which the supply of electricity or gas to those premises may be disconnected. ‘Relevant customers’ are customers consuming less than a specified, fairly large, amount of electricity or gas and will therefore include most Victorian domestic customers.

The amount of the payment is \$250 for each whole day that supply is disconnected (with a pro rata amount payable for any part of a day disconnected) and must be paid as soon as practicable after reconnection of supply, either directly to the customer or by way of a rebate on the customer’s bill. The new provisions also make clear that the payment does not affect any other rights that customers may have, for example to seek compensation for loss suffered as a result of being wrongfully disconnected. This suggests that the payments are intended not only to compensate consumers who have been wrongfully disconnected but to encourage retailer compliance with their obligations.

However, the new obligation raises the question of when a disconnection is “wrongful”, that is, effected outside ‘the circumstances in which supply may be disconnected’. A retailer that disconnects a customer in breach of the Victorian *Energy Retail Code* will be liable to make a payment to the customer. However, it is not always clear whether a breach has occurred, due to the lack of detail of some of the obligations in the *Energy Retail Code*, as discussed earlier. For example, provisions requiring retailers to make “adequate” assessments of a customer’s capacity to pay or to use their “best

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**Nicole Rich** was formerly the Supervising Solicitor at the CLCV. While at the CLCV, Nicole was involved in a range of casework and policy, including energy issues, and was a member of the Energy and Water Ombudsman Victoria Case Handling Advisory Committee and various Essential Services Commission Victoria working groups. In November 2004, *Access to Energy and Water in Victoria - A research report, a comprehensive report examining the experiences of Victorian households that had been disconnected from energy or water due to incapacity to pay*, co-authored by Nicole and May Mauseth, Policy Officer at the Consumer Utilities Advocacy Centre, was released. Nicole recently left the CLCV and now works as an adviser to the Victorian Government.

endeavours” to contact a customer who is having difficulty paying a bill involve subjective criteria and the question of whether they have been breached is therefore open to dispute in any given case.

While the requirement to make a payment to a customer for wrongful disconnection undoubtedly provides a greater incentive to suppliers to comply with their obligations in relation to dealing with customers with payment difficulties, it does not address a lack of clarity in those obligations themselves. Nevertheless, consideration may be given to whether the use of wrongful disconnection payments under a national consumer protection code might be effective if used in conjunction with either more detailed obligations in relation to dealing with customers in hardship or with mandatory financial hardship policies.

#### ***Holistic approach to preventing disconnection due to incapacity to pay***

The measures discussed above are directed at protecting consumers when they are already faced with the threat of disconnection. This is an important goal for any consumer protection framework in relation to electricity supply and will have to be addressed in any national consumer protection code. The reality is that there will always be consumers who experience financial hardship and they will require protection from disconnection for non-payment.

Consumer protection measures that protect consumers from disconnection due to incapacity to pay will only address the problem after it has already been created. They will not address the underlying causes of payment difficulties or financial hardship, therefore, in many cases, will not assist consumers to avoid further threats of disconnection for non-payment in future. For this reason, efforts to develop best practice provisions in a national consumer protection code to protect

consumers from disconnection due to incapacity to pay should not overshadow the need for important policy initiatives aimed at addressing the causes of payment difficulties and financial hardship in the first place. These initiatives may include energy efficiency and retrofitting programs, appropriate tariff designs and a review of the appropriateness of penalty fees applied to the accounts of low-income consumers.

**Nicole Rich**  
Former Supervising Solicitor  
Consumer Law Centre Victoria (CLCV)

## Correction

*We have been asked by Simon Thackray to provide the following correction to the article titled Consumer Protection Code, which appeared in the December edition of On the Wire.*

It was reported in the December edition of *On the Wire* which dealt with the Western Australian Code of Conduct for the Supply of Electricity to Small Use Customers (the **Code**), that the Electricity Reform Consumer Forum (ERCF) which was established to provide input to the Western Australian Government on the development and implementation of the Code “was initially made up of business and government representatives, with no consumer representation.”

This is incorrect. The ERCF was established with representatives from WACOSS, the Financial Counsellors Resource Project and the Financial Counsellor’s Association of Western Australia in September 2003. The three consumer groups subsequently withdraw from participation in the ERCF early in 2004 citing a lack of resources.

**Simon Thackray**  
Senior Manager  
Electricity Reform Implementation Unit



## ACROSS THE NATION

This section of On the Wire focuses on recent activities in the NEM jurisdictions. In this edition we have news of the following:

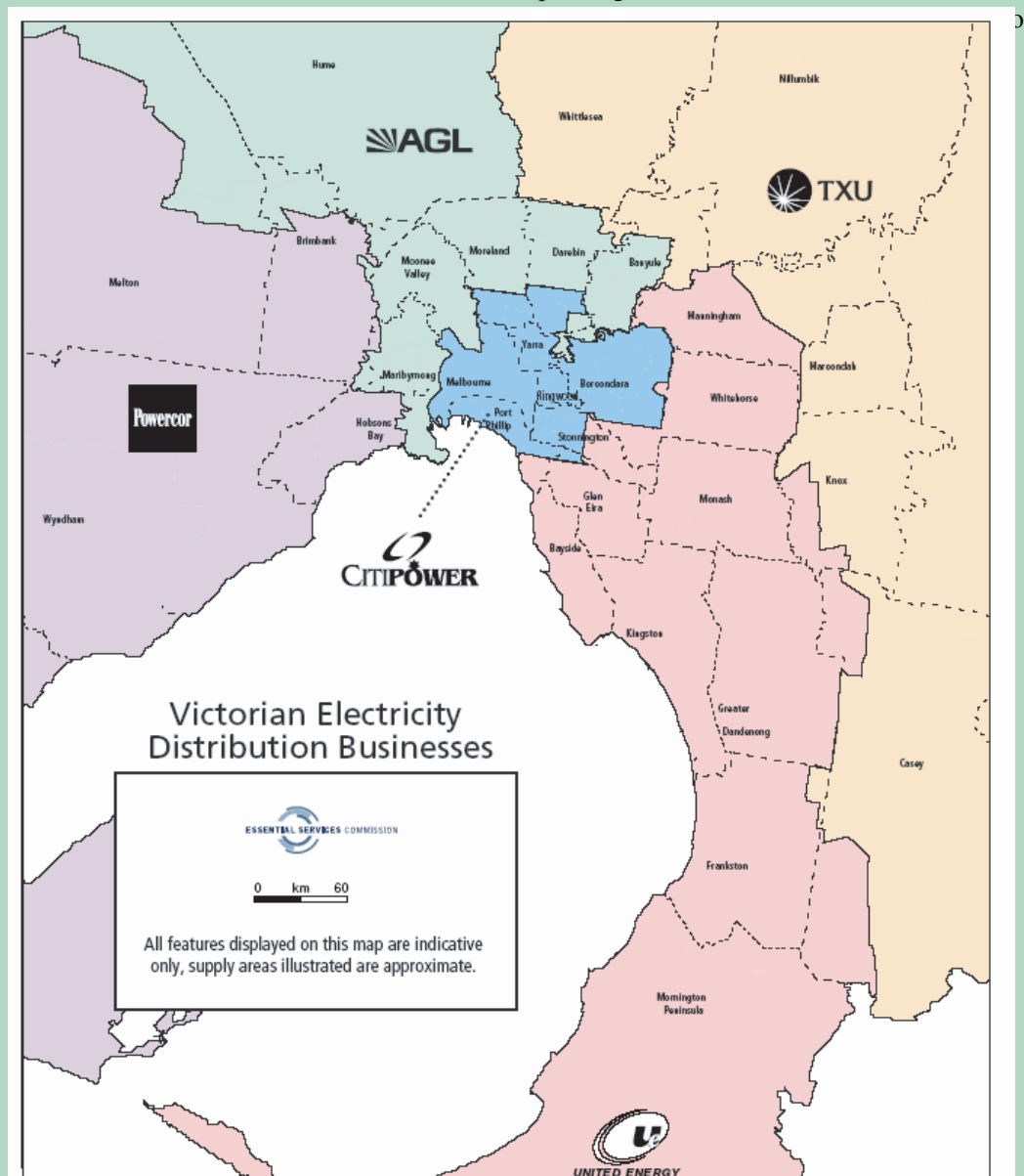
- A research report launched in New South Wales by PIAC called Cut Off: The Impact of Utility Disconnection;
- An overview of the Victorian distribution pricing review from a consumer perspective;
- The Queensland Sustainable Energy Road Show 2005 including the series of seminars, workshops and demonstrations of solar energy technologies; and
- A report on the appeal by South Australian distribution businesses against the Essential Services Commission of South Australia's

## Victoria Update

### Distribution Pricing Review 2006-10

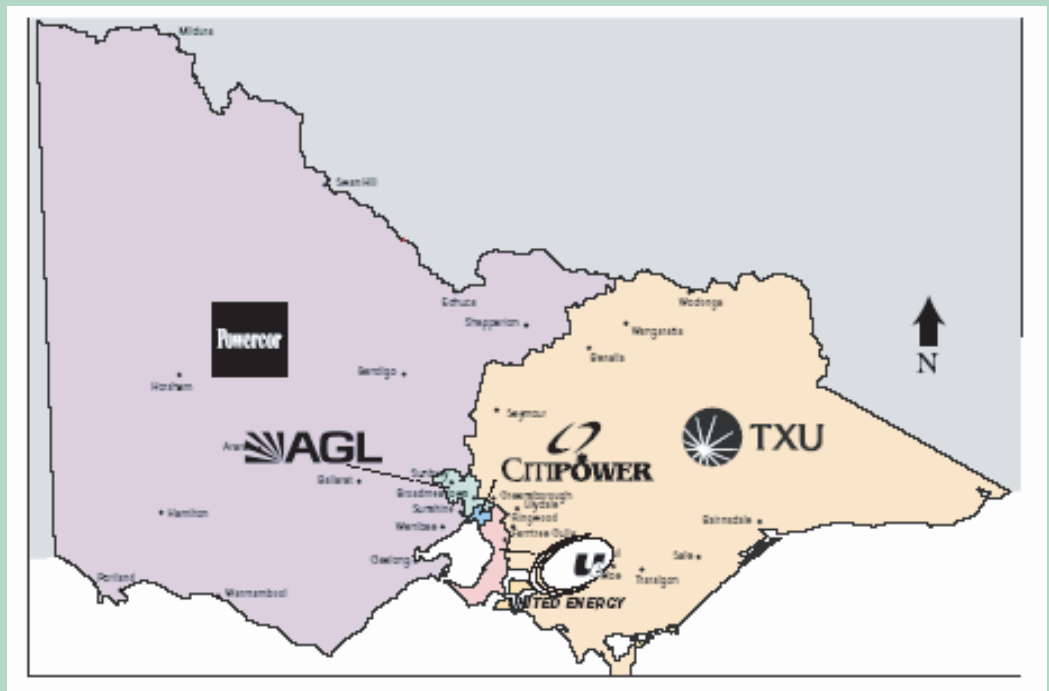
In early June 2005 the Victorian regulator, the Essential Services Commission (ESC), will release its draft decision for the electricity distribution price review for the 2006-10 regulatory period. The determination on electricity distribution pricing is of great importance to Victorian electricity consumers as the distribution cost component of an electricity bill can be between 30 and 50 percent. The problems that consumers have experienced in participating in this review provide a salutary lesson for the debate on a national distribution framework.

There are five distribution businesses (DBs) operating in Victoria: CitiPower, AGL, United



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### **The 2006-10 review**

In October 2004 the DBs submitted their price-service proposals for the 2006-10 regulatory period for consideration by the ESC and stakeholders. These proposals are designed to set out each distributors' plans for how they will invest in and operate their distribution networks, and how the costs of these activities will be recovered through the various distribution tariffs they allocate to customers. More specifically, the price-service proposals cover issues such as operating and capital expenditure, cost of capital, demand forecasts, service standards and incentive mechanisms, price controls, metering and excluded services. This article will focus on the information provided by the DBs to support the expenditure requirements (the demand forecasting) and the tariff proposals.

All of the DBs, with the exception of AGL, proposed real average price decreases in 2006 of between 3.6 and 9.5 percent, followed by a further annual reduction of 1 percent from 2007 to 2010. AGL, on the other hand, proposed an average increase of 7.8 percent followed by a 1 percent increase per year from 2007 to 2010. Whilst most of the DBs proposed price reductions, CUAC and other consumer advocates are concerned about the impact of the average prices upon different customer classes when the cost allocation of these averages occurs.

### **Key concerns for domestic consumers**

For domestic consumers in general, and low-income consumers in particular, three key issues emerge from the price-service proposals and the ESC's Issues Paper. These are the lack of information about future tariff structures, the accuracy of the information provided to support the DBs' demand forecasts, and the mandatory tariff re-assignment for customers having interval meters installed. The latter relates to the ESC decision in July 2004 that requires DBs to commence installing interval meters from 2006.

#### **Lack of tariff information**

A major challenge for consumer groups participating in this review has been, and will continue to be, the lack of information relating to the impact of prices on specific classes of customers.

The regulatory framework is supposed to allow for consumer input into the review that determines the DBs' price controls, and thus the electricity distribution prices paid by consumers. The ESC requested the DBs set out their tariff proposals for the 5 year regulatory period. This involved demonstrating how the tariffs were consistent with revenue sought, and clarifying the associated customer number and energy consumption for each tariff. This information was not provided. As stated by the ESC in the Issues Paper "None of the distributors that proposed the



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introduction of new tariffs have indicated in their supporting information what the structure of these tariffs will be or at what level these tariffs will be set. There is also no evidence provided by these distributors that they have consulted with their customers on these proposals or considered the likely customer impacts of these changes” (December 2004, p. 172). For consumer advocates, such as CUAC, this is a cause for grave concern.

The DBs have expressed the view that it is of little value to them to work out tariff strategies before they know what the price cap is going to be. Furthermore, they argue that they simply do not know their strategies at this stage. Either way, the lack of information means that the opportunity for consumer representatives to respond to a very significant consumer issue has been lost, and CUAC is very concerned about what appears to be an inability on the part of the ESC to compel the businesses to provide the information requested.

#### **Accuracy of the demand forecasts**

The DBs provide forecasts in relation to three very important measures: customer numbers, electricity consumption and peak demand. As growth in the areas of customer numbers and consumption will impact on distribution prices, the accuracy of the forecasting and the methodology used is of great importance to consumers. The DBs have an incentive to overestimate this growth as it drives expenditure. If the forecasts (and expenditure claims) are higher than actual expenditure the DBs will earn higher rates of return. Some of the DBs sought large increases in their expenditure levels for the 2006-10 period.

#### **Growth in customer numbers**

Gavin Dufty from the St Vincent de Paul Society Victoria, has questioned the accuracy of the growth in customer numbers as forecast by the DBs. Dufty compared the DBs’ forecasts, to Victorian Government data on projected growth in residential dwellings, and found a discrepancy of between minus 10 to 86 per cent for growth in customer numbers. We believe that this kind of variation clearly indicates that the ESC needs to undertake a rigorous analysis of the DBs’ predictions, methodologies and assumptions.

#### **Growth in peak demand**

CUAC endeavoured to assess the DBs’ claims in relation to increased penetration of air conditioners and the impact on peak demand. Whilst we have no reason to doubt that

penetration levels are increasing, and we certainly do not doubt the impact of air conditioners on peak demand, we do believe that the information available is insufficient to verify the DBs’ claims.

The publicly available figures on penetration levels of air conditioners in Victoria varied significantly. One study showed a penetration rate of 57% in 2001, and another claimed that 90% of Victorian households had air conditioning in 2005. In contrast, one of the DBs stated in their proposal (referring to Australia wide figures only) that the actual penetration of air-conditioning in Australian households was just under 50% in 2002, is estimated to be approximately 55% in 2005, and will reach just over 60% in 2010.

Furthermore, there is no reliable data available about the type of air conditioners in use or being purchased. Such data would have been useful in assessing the validity of the DBs’ peak demand growth assumptions as the difference between the various models, in terms of the amount of electricity they use, is astronomical. CUAC was thus unable to assess the validity of the DBs’ air conditioning claims from the publicly available data. However, as this data varied considerably from the information presented in the DBs’ price-service proposals, we await the ESC’s scrutiny of the peak demand growth claims and assurance that the DBs are not gaming capital expenditure. After all, the ESC made clear in its Issues Paper that it is aware the DBs have an incentive to forecast higher growth in peak demand as this implies higher rates of expenditure to meet said growth.

#### **Mandatory tariff re-assignment**

From 2006 the DBs are required to install interval meters whenever replacing or installing a new meter. For customers with single-phase non off peak metering the roll out will commence in 2008. Subsequently, many customers can expect to have an interval meter installed during the 2006-10 regulatory period. An important issue is therefore whether the DBs should be allowed to automatically transfer the customer to a time-of-use tariff and what information the customer should receive. This is crucial as customers are ultimately expected to respond to the price signals the DBs provide through their tariff structure.

The DBs want to re-assign customers to time-of-use tariffs and argue that this must be a mandatory re-assignment in order to realise the benefits of the interval meter roll out i.e.

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**May Mauseth Johnston** is Senior Policy Officer at the Consumer Utilities Advocacy Centre (CUAC). She was the co-author of the "Access to Energy and Water in Victoria – A research report" published by Consumer Law Centre Victoria and CUAC in 2004. She holds a MSc in Public Policy and Administration from the London School of Economics.

that the customers respond to cost reflective pricing. Concurrently, they argue that it would be inappropriate for them to provide customers with detailed information about the new tariff structure, and the impact it will have on the customer's bill. This is because the DBs are not the end-users contact point (the retailer is) and the DBs have no direct say over the customer's final bill - the reasoning being that retailers will not necessarily use the same tariff structure when billing the end-customer. Furthermore, the retailers would argue that it is the DBs that are best placed to explain changes to the distribution tariffs as the decisions to change them are based upon information available to the DBs only.

From a residential customer perspective, the confusion caused by being both a direct customer of the retailer and an indirect customer of the distribution business, creates two major challenges to limiting disadvantage with the roll out of interval meters. Firstly, if the DBs do not expect the retailers to pass through time-of-use tariffs to customers' bills, how do they expect consumers to respond to cost reflective pricing? This is, after all, the DBs main argument for making sure that the ESC allows them to mandate immediate re-assignment of customers that are having interval meters installed. Secondly, how are customers supposed to be informed about the tariff changes they are about to incur? It is clearly a customer's right to know the cost attached to the service they purchase. If a DB increases the cost of using electricity between 4pm and 7pm every weekday, and these costs are passed through to the customer, informing them after the fact (through a bill) that must surely be regarded as a violation of the most basic consumer right – knowing what you are paying for and how much.

The ESC is currently proposing to establish a working group to decide whose responsibility it is, and how to best inform consumers about the tariff changes that will be imposed. Whilst we believe that this is a step in the right direction, we continue to be concerned about how Victorian residential consumers can be adequately informed and protected within this structural conundrum and "blame game".

**May Mauseth Johnson**  
Senior Policy Officer  
Consumer Utilities Advocacy Centre

## New South Wales Update

### Cut Off: The Impact of Utility Disconnection

PIAC recently launched its research report *Cut off: The impacts of Utility Disconnection*. The Report explores how disconnection from gas or electricity and restriction from water supplies affects a household's quality of life, how people cope with being disconnected and what people do to get reconnected. The research methodology included a self-complete survey of 447 disconnected consumers, case studies of eight consumers who have been disconnected from energy or water services and a focus group discussion with representatives of agencies that regularly assist people who have had utilities disconnected.

The report comes at a time when hardship policies are being reviewed in NSW and when consumer protections are being revisited at a national level. Some of the findings are reported below in the context of a few frequently asked questions. Copies of the report are available from PIAC at [www.piac.com.au](http://www.piac.com.au).

#### ***Is utility disconnection a penalty for being poor?***

Utility disconnection is most commonly the result of ongoing financial difficulty, rather than a specific event. Seventy per cent of the households that responded to the survey cited difficulty funding household bills in the period leading up to the disconnection. Direct financial circumstances that were reported as contributing to the disconnection included losing a job (28%) and receiving unusually high utilities bills (40%), while indirect financial circumstances included a household member being injured (18%), the house being difficult to heat or cool (17%) and/or the presence of old appliances using high volumes of power and/or water (10%). Households experiencing disconnection typically lack the financial resilience necessary to manage these direct and indirect financial pressures that would be necessary to prevent disconnection.

A key finding of the report was that many 'working poor' people experience utility disconnection. The survey asked households about their main source of income. Fifty-three per cent reported receiving Centrelink payments and 45% reported employment related income. However, the experience of utility disconnection was considerably different amongst these household types. 'Working poor' households were more likely to be disconnected for a shorter period of time

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and receive useful assistance from their retailer compared to households on Centrelink payments.

The report also identified a number of disadvantaged groups that are extremely over-represented in the number of household disconnections. Public housing tenants and private rental tenants were also more likely to experience disconnection, as were young families. Further, in comparison with the New South Wales population of just 2%, Indigenous households represented 15% of all disconnected households that were surveyed. Similarly, sole parent households and households with unemployed people are disconnected at a rate that is disproportionate to those groups' representation in the New South Wales population according to census information. The report therefore found that these types of households facing disconnection are likely to be experiencing systemic forms of disadvantage.

#### ***How does utility disconnection affect a household's standard of living?***

Typically a household disconnected (or restricted) from energy or water supply will be unable to refrigerate or cook food, unable to heat water for cooking or washing, have inadequate heating, light or water and have to pay a fee to reconnect. Most respondents (91%) were required to pay a reconnection fee to the utility. The financial impact of the disconnection extended beyond the reconnection fee and a number of households incurred additional costs in having to throw away refrigerated food that had perished (47%) and needing to buy 'fast food' when they were unable to use a stove, oven or refrigerator. Further, 6% of the households that were surveyed reported being unable to work during the disconnection episode.

By exploring the emotional and health impacts of disconnection, PIAC's research has added a new dimension to our understanding of how a household's standard of living may be adversely affected by utility disconnection.

Among the most frequently reported impacts of disconnection were emotional or psychological impacts, such as anxiety and distress (47%) and a feeling of isolation due to inability to access television or radio (41%). These impacts were more commonly reported among households with young children and welfare dependent households. Even where the disconnection was for a relatively short

period of time, the sense of loss of control compounded the feeling of isolation brought about by the disconnection. In households where disconnection was for a prolonged period of time (17% were disconnected for four or more days), the households reported that the feelings of helplessness, frustration and depression intensified over the duration of disconnection.

A large variety of health and safety impacts of disconnection were reported. These included injuries due to lack of light (38%), people unable to wash themselves (34%), difficulty in caring for infants (22%), someone in the house unable to use a medical device or machine (11%), someone in the house became ill (8%), and candles/lanterns caused a fire (2% without injury, 1% with injury). In light of the fact that 43% of respondent households reported residents with a disability or health problems, utility disconnection appears to aggravate the health and wellbeing of consumers.

Focus group participants identified people on methadone programs as particularly vulnerable to disconnection as they may find themselves having to choose between paying for methadone and paying for a utility. An additional health concern was the 3% of cases in which disconnection from electricity resulted in an inability to access water through an electric water pump. The unintended disconnection of water supply to a household is a serious public health problem. Reports such as these, as well as things like accidental fires, highlight that in some cases disconnection can lead to dangerous circumstances where people's physical well-being and safety is at risk.

#### ***What assistance is provided to disconnected households?***

The survey findings confirmed that energy and water retailers are the single most important source of information for people disconnected and at risk of disconnection. Sixty percent of households contacted their retailer in the period immediately prior to disconnection and 86% spoke directly with the utility retailer seeking information and/or help to get reconnected.

The survey found relatively low usage of New South Wales Government-funded emergency assistance (27%) and relatively low levels of payment plans (21%), particularly in comparison with 33% of households who reported cutting back on food/groceries to fund reconnection. This raises the question as to whether disconnection and reconnection practices penalise low-income households.

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**Elissa Freeman** is a Policy Officer with the Public Interest Advocacy Centre's (PIAC) Utility Consumers' Advocacy Project. Elissa has formal training in Economics and worked for the NSW Government prior to joining PIAC. She has experience working with disadvantaged clients to improve access to legal services. In her role as Policy Officer, Elissa advocates for the interests of residential households in the NSW energy and water markets, with a particular focus on low-income households.

A disturbing trend reported in the survey was the high levels of repeat and multiple disconnections. In the previous 12 months, 28% of all households had experienced two disconnection episodes and 7% had experienced three or more episodes. Among households disconnected from electricity, the figures are even higher with a third of households disconnected twice in the previous 12 months.

The researchers raised concerns about the adequacy of current payment plans. Given the ongoing hardship and disadvantage facing most disconnected households, it would seem that more assistance such as payment smoothing, waiving reconnection fees or households energy audits could be provided to households in order to avoid repeat disconnections.

**Elissa Freeman**  
**Policy Officer**  
**Public Interest Advocacy Centre,**  
**Utility Consumer's Advocacy Project**

## Queensland Update

### Queensland takes 'Sustainable Energy' on the road

The Queensland Sustainable Energy Industry Development Group (**QSEIDG**), a collaborative association of universities, industry and environment organizations, was established early in 2004 to assist Queensland's transition to a more reliable, secure and sustainable provision of energy services. The QSEIDG supports and becomes actively involved in projects and activities in three domains: sustainable energy futures; sustainable energy technology applications; and sustainable energy training and accreditation.

For example, QSEIDG activities over the past 12 months included:

- Assistance to the State government in sustainable energy issues, including providing credible data regarding solar hot water performance that has been used for the development of a Regulatory Impact Statement, *Proposed Amendments to Building and Plumbing Regulations to Improve Sustainability of New Housing*;
- The development and commercialisation of a Wind Resource Map for Queensland;

- Support for Queensland innovators and inventors by providing advice and assistance in establishing short term 'research contracts' to test renewable energy ideas and technologies; and
- Providing a mode for effective collaboration between Queensland universities, industry and NGOs/consumer organisations, utilising and growing their existing strengths and expertise in renewable energy, energy efficiency and power systems engineering.

One of the main public activities for 2005 is the Sustainable Energy Road Show, which was launched on 2 March 2005 in Brisbane. The Queensland Sustainable Energy Road Show 2005 is a series of seminars, workshops and demonstrations of solar energy technologies and applications that will be touring regional Queensland from March to June 2005. Aimed at teachers, tradespersons and professionals, as well as the general public, these activities will help raise awareness of the potential for renewable energy technologies to supply reliable power to regional Queensland, as well as develop knowledge and skills to enable these technologies to be appropriately integrated into our society.

The Sustainable Energy Road Show will include a range of community seminars aimed at the general community that will allow consumers to gain valuable tips on how to make their home more energy efficient and environmentally friendly, and possibly save them money as well. For example, a workshop entitled *Take the shock out of your power bill* will provide practical information, explanations and discussions to help consumers make sense of their bills and the various energy saving options at home. Topics will include water heating options, lighting, efficient appliances, space heating and cooling, phantom power and green power. Another workshop, *Plug into the power of the sun*, will concentrate on the details of solar hot water systems and grid-connected photovoltaic (solar electric) systems, providing practical information on types of systems available, how they work, installation and maintenance issues and financial aspects (for example, government rebates and costs).

The Sustainable Energy Road Show also incorporates fourteen Teacher Professional Development sessions, supported by Education Queensland Spotlight on Science and delivered throughout regional Queensland.

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**Wendy Miller** is the manager of the Queensland Sustainable Energy Industry Development Group, an association established to enhance collaboration between government, research, industry and environment organisations working on enhancing the integration of energy efficiency and sustainable energy into our society. Her role involves developing projects and activities in the areas of energy futures (regulatory, legislative and market drivers), energy applications (developing and improving technologies or systems for integrating renewable energy technologies into existing infrastructure) and education and training (at all levels from community to professional development). Prior to this role, Wendy was the business development officer for the ACRE (Australian CRC for Renewable Energy) TAFE training project.

The sessions aim to enhance teacher confidence and skills in teaching about energy and climate change. Commencing with an introduction to energy and climate change, the sessions will focus on hands-on science activities that explore the fundamental principles that underpin sustainable energy. Background information will also be provided for the teachers, accompanied by a list of additional resources that will provide teachers with more in depth information, ideas for assignments or more practical activities. Student workshops will also be conducted for smaller schools in more remote locations throughout Queensland.

Industry Short Courses will also be offered during the Sustainable Energy Road Show. These courses have been designed for tradespersons and professionals from many fields to gain specific energy efficiency and sustainable energy knowledge and skills to complement their existing skills. For example, *Energy Demand & Efficiency* is a course that assists participants in gaining both the knowledge and skills required to accurately assess the energy services and energy demand for domestic dwellings or commercial operations to provide energy efficiently and to maximize the use of renewable energy. *Solar Geometry for RE Systems* combines both theory and its application to real situations to provide knowledge and skills in assessing the solar resource available on any particular site. *Grid Connected PV* will provide knowledge and skills in the configuration, sizing and installation of grid connected photovoltaic power systems.

QSEIDG acknowledges the contribution of the Australian Government, through the Australian Greenhouse Office, and the Queensland Government, through the Sustainable Industries Division of the EPA, which has enabled the various activities of the Sustainable Energy Road Show 2005 to proceed.

**Wendy Miller**  
Manager  
Queensland Sustainable Energy Industry  
Development Group

## South Australia Update

### AGL Price Path

In a State where electricity prices for domestic consumers have increased by at least 30% over the last three years, the review of the AGL Price Path was eagerly observed by consumers, governments and the media.

The Essential Services Commission of South Australia (**ESCoSA**) conducted hearings during the second half of 2004, in parallel with consideration of distribution prices (for ETSA Utilities) for the five years from July 1 2005.

AGL sought an increase of CPI for each of the four periods of the Price Path (January to June 2005, and the three years following), except for an increase of 1.3% for the 2005/6 year.

AGL argued that the proposed Price Path for residential and small customers remaining on standing contracts was modest, but would allow a safe and reliable supply of electricity, a level of service that customers desire, would ensure a stable electricity market in South Australia and move towards greater transparency with tariffs reflecting the costs and risks of purchasing and supplying electricity to customers.

The South Australian Council of Social Services (**SACOSS**) and other community organisations expressed concern about the potential for further cost shifting amongst small consumers which could worsen the situation for South Australia's most vulnerable households.

SACOSS also raised concerns about low-income households being vulnerable to disconnection, noting that South Australian disconnections were two and a half times those in Victoria and nearly 15 times those in the United Kingdom.

UnitingCare Wesley, a community service organisation, argued that miscellaneous charges required regulation, with a number of fees having increased by 40% over the previous three years, creating an additional burden for low-income households. Some also proposed an industry levy that could contribute to the provision of financial counselling (which is, in the view of these organisations, currently a service that benefits energy retailers but is paid for by welfare organisations).

ESCoSA's preliminary decision allowed AGL's charges to increase by 2.5% from 1 January 2005, and thereafter, to increase on the first of July each year by a rate of (CPI - 1.05%).

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**Mark Henley** is an economist employed by UnitingCare Wesley Adelaide as Manager of Advocacy and Communication. Mark's professional interests relate to advocacy around poverty, welfare reform and labour market issues.

Mark is the South Australian Council of Social Services (SACOSS) nominee for the Essential Services Commission of South Australia's Consumer Advisory Committee. Mark is a Life member of SACOSS and at national level has been a member of the Australian Council of Social Services (ACOSS) Board. Mark was the inaugural President of the Youth Affairs Council of Australia (YACA) and the Vice President of the YACA (YACA has since been defunded!).

Married with 2 adolescent children, Mark is also interested in horticulture. He is currently establishing a Cherries and Berries orchard in the Adelaide Hills and is President of the Australian Quandong Industry Association - a group commercialising this native Australian fruit.

At about the same time as this decision, it was announced that the distribution costs, through ETSA Utilities, would reduce by 10% from July 1, 2005, and then increase on the first of July each year by (CPI – 1.3%).

Estimates are that these two announcements will combine to reduce the annual power bills of the average consumer in South Australia by about \$55 per year.

While the dollar value is modest, and was described as inadequate by some media commentators, these decisions are significant because:

- they stem the flow of the dramatic price increases of the last four years; and
- they demonstrate the capacity and resolve of the State-based regulator to achieve price reductions, a significant moral victory!

ESCoSA conducted a review following AGL's formal request and concluded that their December decision should stand. AGL announced (reported in the *Advertiser*) that they would "accept the umpire's decision" and leave the determination as it stood – avoiding potential legal action.

While there are a large number of issues thrown up by this review process, three stand out as important, particularly in the current political and social environment:

- concerns about the ability of a single national regulator to regulate in regional jurisdictions taking into account impacts on low-income households;
- the difficulty of community-based and low-income consumer perspectives to be adequately represented in code and price determinations in the industry; and
- the continued folly of the GST being applied to an essential service like electricity.

## Member Focus

Each edition of *On the Wire* focuses on one of the NEM Network's members, looking at what they do, how they are funded and their recent engagement with energy issues. In this edition, the focus is on the Consumer Utilities Advocacy Centre Ltd (CUAC).

CUAC was established to ensure the interests of Victorian consumers are effectively represented in the policy and regulatory debate on electricity, gas and water. CUAC has a

constitutional mandate to focus particularly on low-income, disadvantaged and rural consumers. Its corporate objectives are:

- To provide a voice for Victorian utility consumers in the regulatory debate;
- To increase the capacity of consumers and consumer advocates to influence the regulatory debate, particularly on issues affecting low-income, disadvantaged and rural consumers;
- To research and to fund research into consumer utility issues, with a particular focus on low-income, disadvantaged and rural consumers, and to disseminate that knowledge as widely as possible; and
- To monitor consumer utility issues, particularly those affecting low-income, disadvantaged and rural consumers.

Not only does CUAC advocate on behalf of Victorian utility consumers, it also has an important role in facilitating the participation of other consumer advocates - which it does through its Grants Program. That enables the undertaking of projects that enhance consumer input into the regulatory debate, build expertise on consumer utility issues and support and facilitate the participation of consumers.

Apart from CUAC's research and capacity-building operations in Victoria, we will be undertaking the following relating to national energy issues in the first half of 2005:

- Ensuring that the interests of Victorian consumers, particularly low-income, disadvantaged and rural consumers, are represented in national decisions;
- Working with community organisations to identify what information should be gathered by NEM governments on the needs of low-income and vulnerable consumers, to feed into its decisions on a national retail and distribution framework;
- Working with CLCV and the NEM Network to convene a second meeting of consumer advocates from across the NEM jurisdictions; and
- Continuing the development of the CUAC website [www.cuac.org.au](http://www.cuac.org.au) as a resource for consumer groups.

**Mark Henley**  
 Manager, Advocacy and Communication  
 UnitingCare Wesley Adelaide  
 (SACOSS nominee to ESCoSA Consumer  
 Advisory Committee)



## THE NEM NETWORK

This page lists the community agencies that are members of the NEM Network and the regulators, government agencies, consultants and educational institutions that are interested in the NEM Network.

### Community Agencies

#### Tasmania

**Anglicare Tasmania Inc**

Phillip Powell, Financial Counsellor, Financial Counselling Service Devonport

**Consumers' Federation of Australia**

Rosemary Cramp, OTTER Customer Consultative Committee Representative

**Tasmanian Environment Centre**

Margaret Steadman, Coordinator

**Hobart Community Legal Service**

Jane Hutchison, Manger

**National Council of Women Tasmania**

Catherine Catt, Consumer Affairs Advisor

**Tasmanian Council of Social Service**

Kath McLean, Policy Officer

#### Australian Capital Territory

**ACT Council of Social Service**

Karen Nicholson, Senior Policy Officer

**Care Inc Financial Counselling and Consumer Law Centre of the ACT**

David Tennant, Director  
Tim Gough, Principal Solicitor

#### South Australia

**Aboriginal Legal Rights Movement Inc**

Margaret Gipson, Low Income Support Program Co-ordinator

**Anglicare SA**

Rosalie Fahlbusch, Coordinator Energy Empowerment Program

**Conservation Council SA**

Andrew Nance, Community Energy Coordinator  
Jess Gilding, Cool Communities Facilitator

**Henley & Grange Residents Association**

Jim Fitzpatrick, Representative

**Lutheran Community Care**

Anne Halman, Project Officer, Low Income Support Program  
Greg Were, Low Income Services Manager  
Jan Bean, Financial Counsellor

**South Australian Council of Social Service**

Rhonda Turley, Project Officer  
Andrew Nance, Coordinator Electricity Consumer Advocates Training Project  
Rosalyne Williams, Project Officer

**St Vincent de Paul Society (SA) Inc**

Tania Elliot, Training and Development Officer

**The Salvation Army**

Julie Parr, Manager Arndale Family Support Services

**Uniting Care Wesley (Adelaide)**

Julie McMahon, Community Development Worker  
Sue Heathcote, Community Development Worker

**Uniting Care Wesley (Port Adelaide)**

John Morris, Budget Counsellor, NILS Coordinator

#### Queensland

**Alternative Technology Association**

Wendy Miller, Convenor Brisbane

**Brisbane Consumers' Association**

Ian Jarratt, Member

**Centre for Credit and Consumer Law (Griffith University)**

Fiona Guthrie, Chair  
Nicola Howell, Director

**Energy Users' Association of Australia**

Josh Hankey, Queensland Development Manager

**Homeless Persons' Legal Centre**

Michelle Bradfield, Coordinator

**Lifeline Brisbane Financial Counselling**

Gregory Mowle, Coordinator

**Queensland Council of Social Service**

John Rochester, Communications and Marketing Manager  
Ana Maria Allimont Holas, Multicultural Project Officer

**Queensland Conservation Council**

Kirsten Macey, Cool Communities Facilitator

**Queensland Consumers' Association**

Cherie Dalley, President

**Queensland Public Interest Law Clearing House**

Tony Woodyatt, Coordinator

**Tenants Union**

Penny Carr, Coordinator

#### Victoria

**Alternative Technology Association**

Kane Thornton, Energy Policy Manager

**Australian Conservation Foundation**

Julie Taylor Mills, Co-ordinator Climate Change Business Leaders Roundtable

**Brotherhood of St Laurence**

Professor Paul Smyth, General Manager, Social Action and Research (also University of Melbourne Centre for Public Policy)

**Consumer Utilities Advocacy Centre**

Kerry Connors, Executive Officer  
May Mauseth Johnson, Senior Policy Officer

**Environmental Defenders Office (Vic)**

Su Robertson, Principal Solicitor

**Environment Victoria**

Darren Gladman, Director Global Warming Campaign

**Financial and Consumer Rights Council**

Sue Fraser, Utilities Working Group Convenor  
Marie Stivala-Andrews, Utilities Working Group Convenor

**Moreland Energy Foundation Ltd**

Esther Abram, CEO

**St Vincent de Paul Society Victoria**

Gavin Dufty, Policy and Research

**Victorian Aboriginal Legal Service**

Frank Guivarra, Director  
Robin Inglis, Policy Officer

**Victorian Council of Social Service**

Angela Savage, Policy Analyst

#### New South Wales

**Australian Consumers' Association**

Charles Britton, Policy Officer IT and Communications

**Australian Conservation Foundation**

Monica Ricta, Coordinator Sustainability Program

**Baptist Community Services**

Pam Batkin, General Manager Family and Community Services

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### **Climate Action Network Australia**

Julie-Anne Richards, General Co-ordinator

### **Combined Pensioners and Superannuants Association of NSW Inc**

David Skidmore, Policy and Information Officer

### **Council on the Ageing**

Brenda Bailey, Senior Policy Officer

### **Financial Counsellor's Association of NSW Inc**

Elizabeth Terry, President

### **Friends of the Earth, Eco-Sydney Campaign**

Ted Floyd, Campaigner

### **New South Wales Council of Social Service**

Michelle Burrell, Deputy Director Policy

### **Public Interest Advocacy Centre, Utility Consumers' Advocacy Program**

Jim Wellsmore, Senior Policy Officer

Elissa Freeman, Policy Officer

### **St Vincent de Paul Society National Council**

John Falzon, National Researcher

### **Tenants Union**

Michelle Jones, Executive Officer

### **Smith Family**

Christina Fica, Project Manager

### **Total Environment Centre**

Jane Castle, Resource Conservation Campaigner

### **Western Sydney Community Forum**

Joan Gennery, Transport Development Worker

### **WWF Australia**

Anna Reynolds, Climate Change Manager

### **Western Australia**

#### **Conservation Council of Western Australia**

Tristy Fairfield, Greenhouse and Energy Campaigner

#### **Sussex Street Community Law Service**

Andrea Highman, Coordinator Consumer Credit & Financial Counselling Access Project

Iris Watt, Financial Counsellor

#### **Western Australia Council of Social Service**

Lanie Chopping, Team Leader, Social Policy

Lyn Levy, Project Worker, Electricity Reform Consumer Forum

## **Regulators, Government Agencies, Consultants, Educational Institutions**

### **Tasmania**

#### **Office of the Tasmanian Energy Regulator**

Andrew Reeves, Regulator

### **Australian Capital Territory**

#### **Essential Services Consumer Council**

Peter Sutherland, Chairperson

#### **Fair Trading Advisory Committee**

Peta Spender, Chair

#### **Independent Competition and Regulatory Commission**

Ian Primrose, Chief Executive Officer

#### **Legal Aid ACT**

Linda Crebbin, Deputy Director

### **South Australia**

#### **Energy Industry Ombudsman**

Nick Hakof, Ombudsman

#### **Essential Services Commission of South Australia**

Lew Owens, Chairperson

#### **Centre for Labour Research, University of Adelaide**

John Spoehr, Executive Director

Kathryn Davidson, Researcher

#### **City of Charles Sturt**

Jeff Thomas, Community Development Officer

#### **Northern Adelaide Region Councils**

Ann Gibbons, CCP Project Officer

#### **SA State Office, Australian Government Department of Family and Community Services**

Keith Crammond, Senior Policy Officer

#### **South Australian Housing Trust**

Theresa Walker, Housing Support Co-ordinator, Parks Regional Office

### **Queensland**

#### **Bardak Group**

Dr Robert Booth, Managing Director

#### **Queensland Competition Authority**

Gary Henry, Director

#### **Office of Energy**

Sandra Hosking, Principal Policy Analyst

### **Victoria**

#### **Department of Infrastructure, Energy and Security Division**

Sally Moxham, Senior Policy Officer

#### **D Nelthorpe Consulting Pty Ltd**

Denis Nelthorpe, Director

#### **Energy and Water Ombudsman (Victoria) Ltd**

Fiona McLeod, Energy and Water Ombudsman (Victoria)

#### **Essential Services Commission**

Wendy Heath, Regulatory Program Manager

#### **Headberry Partners P/L**

David Headberry, Principle

#### **Sustainable Energy Authority Victoria**

Katrina Woolfe, Functional Leader, Capacity Building

### **New South Wales**

#### **Department of Energy, Utilities and Sustainability**

Chris Dunstan, Associate Director Market Development;

Joyce Fu; Market Development Analyst, Sustainable

Energy Team, Energy Systems Branch

#### **Independent Pricing and Regulatory Tribunal**

Fiona Towers, Director Energy

### **National**

#### **Australian Competition and Consumer Commission**

Catriona Lowe, Director Consumer Liaison

Sebastian Roberts, General Manager Electricity Branch



Permission to publish names has been provided by all those listed above.

Please provide any additional names to the NEM Project Coordinator to be included in network.