



December 2008, edition 19.

It is an increasingly volatile time in the financial markets and as the costs of living across essential services and products converge, consumers are about to face the most significant cost increases for basic electricity and gas supply in the past ten years.

The next 12 – 18 months will prove to be significant in particular for energy consumers as a number of projects and reform processes start to filter through at once, the results of which will appear on energy bills. These include:

Smart Meters

The impending cost impact of 'smart meters' across Australia is highlighted in Gavin Dufty's article (below) regarding the Energy Australia trials. It demonstrates the implications of interval meters and the issues associated with network and retailer tariff design, which will impact directly on consumer bills. This combines with the recent Victorian Order in Council which allows the pass through of all 'prudent' costs by distributors in the Victorian interval meter roll-out.

Carbon Pollution Reduction Scheme

The internalisation of carbon costs in the economy will soon be realised on consumer bills as the targets and trajectories have been announced, projecting average increases of approximately \$4 a week for electricity and \$2 a week for gas.

De-Regulation

Victorian consumers will face price increases associated with de-regulation, and as recently announced by retailers, in preparation for 1 January 2009. The price rises in Victoria reflect a greater ability to pass through fully, or more than fully, increasing wholesale energy costs.

Competition

Anita Smith from the Footscray Legal Centre and Financial Counselling Service highlights (below) the increasing problem experienced by various community sectors who are being excluded from the benefits of competition on the basis of marketing campaigns targeting low income and vulnerable communities and where consumers are not necessarily on the right energy plan for their usage and affordability patterns.

There is a real opportunity for government to provide clear leadership for the energy sector, including specifically, affordability and security of supply for consumers. Currently the federal government, state governments and federal and jurisdictional departments and agencies are working on multiple policies creating duplication and increasing cost pressures as the policies converge. The upcoming Energy White Paper could provide an opportunity to truly assess the issues affecting the demand side, however with limited consultation, the absence of a Green Paper or environmental or consumer representatives on the committee, we are concerned that once again the supply side will drive the outcomes.

We welcome feedback on the information provided in *On the Wire*. Further, we encourage you to forward the newsletter throughout your networks. Production of *On the Wire* is funded by the [Consumers Advocacy Panel](#). To subscribe to *On the Wire*, please email info@consumeration.org.au with "On the Wire" in the subject line. The next edition of *On the Wire* is scheduled for release in March/April 2009.

CONTENTS

1. Regulatory developments

1.1 Ministerial Council on Energy update

1.2 National Energy Customer Framework

1.3 Retailer of Last Resort (RoLR)

1.4 Energy White Paper

1.5 Carbon Pollution Reduction Scheme White Paper

1.6 Australian Energy Market Commission update

1.7 Australian Energy Regulator update

1.8 Australian Energy Market operator (AEMO) update

2. Consumer advocacy and other information

2.1 Carbon reduction implications for social payments – Anita Smith, Footscray Legal Centre

2.2 Australia Energy Market Commission Reviews – Glyn Mather, Total Environment Centre

2.3 Interval Meters – Energy Australia trials – Gavin Dufty, St Vincent de Paul Society

1. Regulatory developments

1.1 Ministerial Council on Energy update

The Ministerial Council on Energy (MCE) convened in Adelaide on Friday, 12 December for its 17th MCE meeting.

As announced in the MCE communiqué, draft legislation is to be finalised by the end of this year to enable the Australian Energy Market Operator to commence operation in mid 2009. The National Energy Customer Framework, however, will be delayed, based upon a purported need for further consumer group consultation. This is despite the extensive consultation undertaken to date, and the more likely impact that jurisdictional differences and an upcoming State election have had on holding up the process.

The smart meters process continues, with a high level provision in the National Electricity Law underway to enable cost recovery of the permit mandated roll-outs and pilots and under the National Framework for Energy Efficiency, a hot water strategic framework and heating ventilation and air conditioning efficiency systems strategy were agreed.

The Energy White Paper was announced and is to be released at the end of 2009, launching what will be a pivotal assessment of Australia's long term policies and actions to ensure 'cleaner, adequate, reliable and affordable energy through to 2030'. As noted earlier, it is unclear whether a Green Paper will be released or the extent of consultation that will occur.

With a follow up MCE meeting scheduled for early next year to address the impacts of the Carbon Pollution Reduction Scheme on the energy market, it appears there is a lot more to come.

A copy of the communiqué from the MCE's 17th meeting can be found [here](#).

[-back to top-](#)

1.2 National Energy Customer Framework (NECF)

Further to the release of the policy paper for [A National Framework for Regulating Electricity and Gas \(Energy\) Distribution and Retail Services to Customers](#) in June this year, to which consumer groups actively contributed, the Ministerial Council on Energy (MCE) released a [Regulatory Impact Statement](#) in October. Consumer groups provided a [joint submission](#) and reconfirmed the National Consumers Roundtable on Energy's comments on the [table of recommendations](#).

The draft legislation (Law and Rules) for the NECF was due to be released by December 2008, however has been postponed until late February in 2009. The latest MCE meeting has indicated that 'this was a very important package for households and that it was important to undertake full consultation', but with the legislation due to be introduced into the South Australian and other parliaments in September 2009, the process is now racing against the clock. The MCE meeting communiqué did not discuss the impact of jurisdictional differences on the progress of the NECF, nor does it highlight any specific concern regarding the likely impacts of this delay on the arrangements being made between jurisdictional agencies and the AER for non-price regulation.

[-back to top-](#)

1.3 Retailer of Last Resort (RoLR)

The Ministerial Council on Energy released a [consultation paper](#) on a RoLR framework. Conducted by NERA Economic Consulting and Allens Arthur Robinson, the report comprised a comparative assessment of state based and international examples of RoLR frameworks. The report contained 11 key principles:

1. The RoLR scheme should be applied nationally.
2. There should be consistency between the arrangement for electricity and gas, where possible.
3. The arrangements should aim to minimise the overall costs of the RoLR arrangements.
4. The arrangements should aim to minimise the risk of the RoLR itself defaulting.
5. The RoLR scheme should be as simple as possible, and practically focused.
6. The arrangements should be able to be implemented in a short timeframe, following a RoLR event.
7. The arrangements should minimise the disruption experienced by small customers.
8. The RoLR scheme and associated arrangements should minimise incentives for retailers to voluntarily invoke a RoLR event.
9. The RoLR scheme should not undermine the incentives and abilities of a failing retailer to conclude a trade-sale.

10. Customers of the failed retailer should bear the costs of failure, to the extent practicable.
11. In developing the national RoLR scheme consideration should be given to the impact on retail competition in the gas and electricity markets.

While the majority of the principles are sound, consumer groups remain fundamentally concerned that:

- The proposed framework places risk of retailer failure on the customers of that retailer, stating, 'Customers of the failed retailer should bear the costs of failure'. We do not accept this as fair or appropriate, or even in accordance with the national electricity or national gas objectives (principle 10);
- The proposed framework has not considered the implications of the deregulation of retail energy pricing in Victoria from 1 January 2009; and
- The draft report states it engaged in stakeholder input, however we are not aware that the consultants consulted with any representatives of residential consumers in the development of the paper.

These concerns undermine our confidence that an effective review of existing RoLR frameworks has been conducted, which in turn raises doubts about the efficacy of the proposed recommendations.

[-back to top-](#)

1.4 Energy White Paper

At the end of November the Minister for Energy, Martin Ferguson, released a [media statement](#) announcing that the upcoming Energy White Paper would be the 'first step in Australia becoming the premier energy exporter in the Asia Pacific'.

The Energy White Paper will be shaped by a high level consultative committee, comprised largely of senior executives from Australia's leading energy companies, with a noticeable lack of representation from environmental or consumer groups. The committee will work to ensure the White Paper policies and measures bring real net benefits and 'will be developed using strong, transparent principles to ensure economic development is sustainable and efficient, and the need and scope for government intervention is clearly justified on the basis of market failure or to meet Australia's international obligations and interests.'

Australia has an opportunity to secure a place for itself as an innovative market leader for energy. Consumer groups in particular will be working hard to ensure the principles are indeed strong and transparent and that the objectives and terms of reference for the White Paper process address economic, social and environmental goals in the interests of the Australian community as a whole, not just specific 'industry' segments.

[-back to top-](#)

1.5 Carbon Pollution Reduction Scheme (CPRS) White Paper

On 15 December 2008 the Government announced a medium-term target range for the CPRS. The target for emissions reductions have been announced as between 5 per cent and 15 per cent below 2000 levels by 2020. The 5% reduction is a guaranteed commitment by Australia, while the 15% reduction is based on the context of global agreement under which, both 'major

economies commit to substantially restrain emissions', and 'advanced economies take on reductions comparable to Australia'.

All funds raised by the CPRS will be provided as compensation to households and industry, including an expanded Emissions Intensive Trade Exposed (EITE) industry program and a once-off payment to coal-fired electricity generators.

The range of industry assistance includes EITE's receiving an allocation of permits on the basis that the Government fears 'carbon leakage' – businesses off-shoring due to an imposed carbon price. The total allocation of permits to the EITE equates to approximately 25% of all permits and the once-off payment will be made to some of the coal-fired electricity generation sector through the Electricity Sector Adjustment Scheme (ESAS) which equates to a value of approximately \$3.9 billion. It will be provided over the first five years and is primarily to continue to encourage investment and reduce financial risks that may impact operational decisions, to ensure security of supply.

The household assistance comprises \$6 billion of additional payments to low and middle income households, to be delivered through the tax system, to mitigate the impact of increased prices of goods and services that result from carbon costs. With an estimated increase in energy costs of \$4 for electricity and \$2 for gas per week, combined with an increase in the cost of general goods and services, consumers are likely to face significant overall household price increases. Assistance to low and middle income households includes, for example; a 2.5 percent pension and allowance benefit increase, changes to Family Tax Benefit Part A, tax cuts and fuel excise cuts on a 'cent for cent' basis for three years.

We eagerly await the government's household energy efficiency program which remains one of the most significant elements of the package yet to be announced.

More information on the White Paper can be found [here](#).

[-back to top-](#)

1.6 Australian Energy Market Commission (AEMC) update

Review of Energy Market Frameworks in light of Climate Change Policies

Submissions have closed to the current AEMC Review of Energy Market Frameworks in light of Climate Change Policies.

The AEMC review is considering the way energy markets function and whether any changes are required in relation to the design of those markets in light of the Carbon Pollution Reduction Scheme and the Renewable Energy Target.

There are concerns that the AEMC is acquiescing to opportunistic industry calls for more generous network regulation rules so that those sectors get more profitable outcomes in the name of the need for improved security and reliability in the grid and to the inevitable and ubiquitous calls for the removal of retail price regulation.

Specifically, the most significant issues we believe need to be considered are:

- The exclusion of social and environmental objectives in the National Electricity Law (NEL) and the National Gas Law (NGL) which have resulted in the trade off between economic, environmental and social objectives in the National Energy Market. As a result, the review itself focuses on economic efficiency and has a narrow interpretation of the terms of reference for consideration of social and environmental impacts; and
- The review has not considered the impact on consumers from the Carbon Pollution Reduction Scheme (CPRS) or the Renewable Energy Target (RET). Climate change is going to have a larger cost for low-income/vulnerable consumers and will result in a need for more robust consumer protections.
- Effective consideration of the rule change proposals that address Demand Side Participation and Demand Management. The review can not be truly effective if these are not fully and fairly evaluated.

Consideration of these issues is essential to ensure that the NEM operates in a way that supports and facilitates the objectives of the Federal Government's climate change policies, namely a reduction of greenhouse gas emissions.

More information on the Review can be found [here](#).

[-back to top-](#)

1.7 Australian Energy Regulator (AER) update

The AER is currently undergoing a review of the weighted average cost of capital (WACC) parameters. The outcomes of this review are crucial to network price setting and will directly impact upon what consumers pay for the fixed component of their bill. The review will be finalised on 31 March 2009.

For more information, visit www.aer.gov.au.

[-back to top-](#)

1.8 Australian Energy Market operator (AEMO) update

The AEMO is scheduled to commence by 1 July 2009 and as such the first exposure draft of the proposed electricity provisions of the legislation will be released December 2008, with gas provisions to be released in January 2009. An independent Board is now managing the process to ensure a smooth transition to the new market operator, with the Board of AEMO (Transitional) to be appointed as the inaugural Board of AEMO.

For more information [click here](#).

[-back to top-](#)

2. Consumer advocacy and other information

2.1 African Consumers in a Competitive Market – Anita Smith, Footscray Community Legal Centre Inc. and Financial Counselling Service

In early March, Martin Stevens, Financial Counsellor from Footscray Community Legal Centre Inc. and Financial Counselling Service was asked by Judith Bainbridge from the Footscray

Anglican Sudanese Ministry in Footscray to come to the centre and try to assist African women who she was seeing with problems with their utility accounts.

She explained that the woman saw the Legal Centre as a man's place and they would probably feel more comfortable if he was willing to see them there.

Both Martin and Judith could not have foreseen what the result of this would be.

In 1999 about 30% of the clients of the Footscray service were of a Non English Speaking Background (NESB) and about 18% of presenting problems were related to energy. In 2000 the percentage of NESB clients increased to 40% and the percentage of energy related problems remained stable at 18%.

As a result of this and other initiatives to assist the African community, 75% of the clients seen so far in 2008 have been from a NESB African background. Of the presenting problems energy related problems increased to a staggering 61%.

Footscray Community Legal Centre Inc. and Financial Counselling Service also run an African Legal Service on Wednesday afternoon. The African Legal Service recently won the Victorian Women's Trust inaugural Essie Burbridge Community Award for this service. The Award recognises outstanding leadership and achievement by a community organisation in cross-cultural understanding, tolerance and strategies for combating racism

A substantial number of people who have attended that service have presented with energy problems. Footscray is often seen as hub for other areas. This has resulted in the large numbers of recently settled African clients residing in the municipalities of Brimbank, Altona, Melton, Moonee Valley and Wyndham also seeking advice at the service.

In May, Anita Smith was employed as a Financial Counsellor – Community Education and Development. Over the past seven months she has given more than 25 information talks in the Western area. As part of these talks she has included information on energy saving initiatives. She has handed out more than 1,000 "Do Not Knock" stickers in the community and provided information on the Do Not Call Register.

Martin has often had to beg Anita not to bring clients back to the centre for appointments about their energy problems after her information sessions. After one of the information talks to a group of older Ethiopian men, Anita had four of them follow her to the Legal Centre to make appointments because of the problems they were having with their utility accounts.

In August, an African Clinic was held at the Footscray Anglican Sudanese Ministry in Footscray. Fiona McLeod, the Energy and Water Ombudsman and several other members of the Energy and Water Ombudsman attended on that day along with representatives from the Department of Human Services, Concessions Unit and the Consumer Action Law Centre.

The African Clinic was widely publicised and people were encouraged to come to the clinic to discuss problems they were having with their utility accounts.

On this day most of the people who attended had their cases referred to the Energy and Water Ombudsman, The Concession Unit of the Department of Human Services, or the Consumer Action Law Centre.

The staff at the Footscray Community Legal Centre Inc. and Financial Counselling Service has concluded that the African community in the western region of Melbourne is not coping with the complexities of the contestable energy market. An education program designed to assist the African community has been swamped by consumers with energy related problems. A report on these cases has been prepared and will be available by the end of January 2009.

The report suggests that the financial counselling program at the Centre has been hijacked by the problems caused by energy retailers. The report suggests that it is inappropriate to rely upon financial counsellors to resolve many of the consumer and energy efficiency problems identified in the report.

The centre is currently trying to address the energy issues seen in the African community in the West with the Essential Services Commission Victoria, Consumer Affairs Victoria and local community sector groups.

Competition in markets must involve winners and losers – this project has identified some of the losers!

[-back to top-](#)

2.2 Australian Energy Market Commission Reviews – Glyn Mather, Total Environment Centre

Review of Energy Market Frameworks in light of Climate Change Policies

From its title, this might sound like an innovative and exciting approach to getting the National Energy Market right, at last. An interesting question to ask would be: what can the National NEM offer climate change policies? Instead it seems to be an exercise in ticking off boxes to make sure that arrangements in the NEM will not get in the way of the carbon pollution reduction scheme (CPRS) and an expanded national mandatory renewable energy target (MRET). Climate change “policies” in the title is a misnomer; for instance, there has been no reference to energy efficiency policies. The general aim is no doubt useful, but it is unfortunate that the terms of reference from the MCE limited the review to these two schemes.

It would seem that there are in fact minimal barriers to implementation of the schemes. The major area of difficulty is probably smaller renewable generators, where the AEMC has made some effort to amend the Rules to improve connection procedures but more work needs to be done on this. The scoping paper released as the first public document in this Review was fixated on large-scale wind farms, and they seem to have completely forgotten that small and micro (that is, household) renewable energy producers can contribute to carbon pollution reduction.

There is equally nothing in the scoping paper about consumer protections generally or impacts on small consumers. There is certainly no consideration for vulnerable groups, who may bear an inequitable burden of the costs of the schemes.

The process includes an “advisory group”, which meets from time to time, and TEC and the Consumer Utilities Advocacy Centre (CUAC) are members of this group. A scoping paper has been released and there will be at least two more reports. The AEMC will also be holding a public forum, probably in February.

Details of the review and the scoping paper can be found at <http://www.aemc.gov.au/electricity.php?r=20080822.183804>

Review of Demand Side Participation in the National Electricity Market

The AEMC has also been running a review of demand side participation since late 2007. The aim is to look at barriers to full participation on the demand side, as well as the potential for incentives to increase participation. In theory, this refers to consumers of all types as well as demand management aggregators. Stage 1 focused on transmission issues and was mainly restricted to issues around congestion management, reliability; and the proposed new National Transmission Planner. The result of Stage 1 was a report by a consultancy (NERA), but nothing has been heard of concrete decisions on the part of the AEMC. This process has also included an advisory group, and TEC and CUAC again are members.

Stage 2 is dealing with equally specific issues, still within the terms of demand side participation, that is:

- the wholesale market;
- distribution network planning;
- economic regulation of networks;
- network access and connection arrangements; and
- reliability (again).

This is another potentially valuable initiative which is causing us some frustration. The AEMC has been carefully canvassing issues, but so far it is uncertain whether anything concrete will come out of it. The AEMC report that once they have gone through the investigative phases they will decide whether any Rule changes are required – but to date it is not only unclear what recommendations will emerge from Stage 2, but what the AEMC plan to do with the consultants' recommendations for Stage 1. And again there seems to be minimal consideration of the interests of small consumers, except in generic terms. High hopes, and plenty of energy expended, but not much to get a grip on in terms of results.

A draft report for Stage 2 has been delayed and is now due out on 29 January. The details of the review and the papers for Stages 1 and 2 can be found at <http://www.aemc.gov.au/electricity.php?r=20071025.174223>

The issues raised by the TEC Rule change proposals about demand management overlap with these two reviews – we will be keeping an eye on how the AEMC will deal with the convergences. The completion of a draft report on the Rule change package has also been delayed to 29 January 2009. For more information, see <http://www.aemc.gov.au/electricity.php?r=20071115.124352>

[-back to top-](#)

2.3 Interval meters: issues from the Energy Australia trial – Gavin Dufty, St Vincent de Paul

The Victorian Government has committed to a roll out of interval meters for the Victorian domestic electricity market. This rollout will result in the ability of both electricity network service providers and electricity retailers to collect household consumption data based on half hour intervals. This will allow companies to implement a new suite of dynamic electricity tariffs.

Energy Australia is a NSW based Energy Company. Energy Australia's network has 12 retailers operating within it and approximately 1.57 million end users.

Energy Australia has introduced a number of strategies designed to influence domestic demand. This is all part of the Strategic Pricing Study (SPS) which key objectives are to:

- Test new tariffs;
- Measure peak load reductions – estimate capital and maintenance deferrals, deliver lower energy cost; and
- Measure price elasticity's (% change in consumption for a % change in price - this includes own price, cross price and substitution elasticity)

Dynamic Peak Pricing and predatory pricing

The price setting of Dynamic Peak Pricing (DPP) itself raises a number of challenging regulatory and policy issues. For example there has to be a threshold when a DPP is applied and there is little or no change to consumer energy demand. The Energy Australia trials are seeking to explore the elasticity threshold through two trial groups. One group is exposed to a medium DPP (\$1.00 per kWh) and the other group is exposed to a high DPP (\$2.00 per kWh).

It is disappointing that the demand response to DPP is not being explored at a level lower than the current \$1.00 per kWh as it is possible that a similar demand response could be achieved at a lower price level than is currently being trialled by Energy Australia.

The DPP is seen as a pricing tool that can defer network augmentation and assist electricity retailers in managing risk associated with demand volatility. However, there may also be incentives for profit maximisation, in particular by retailers. This could occur where retailers price aggressively with little or no change to consumer demand or conversely price at a level that is greater than the benefits obtained by the reduction in demand as this would result in increased revenue for the retailers.

There are also potential customer impacts when DPPs are applied to customers over consecutive days. It would be reasonable to expect the application of sequential DPP pricing to result in customer fatigue. That is, on the first day of DPP there may be a demand response of 20% but one would expect this demand response to decrease relative to the number of consecutive DPP days called.

TOU pricing and demand response

According to Energy Australia the TOU tariff results in load shifting amongst high usage (above 5000 kWh per annum) consumers. However, it is important to note that Energy Australia only included households with consumption above the 5000 kWh threshold in the trial group. Energy Australia structured the trials in this manner as they believed that only households with higher consumption levels would have the necessary electricity consumption, and hence the discretionary load necessary, to deliver a positive business case for demand response in order to avoid network capital and maintenance expenditure.

As a result, it is not possible to ascertain what the demand response impact of TOU tariffs would be amongst households consuming less than 5000 kWh per annum. If Energy Australia is correct in their assumptions of the importance of a minimum consumption threshold in order for TOU pricing to facilitate a demand response, this raises significant implications for Victoria

where the current vision is that all customers will be reallocated to TOU network tariffs.

Network tariff pricing and retail energy offers

Energy Australia indicated that where they had introduced TOU and DPP to their network prices, approximately 50% of the retail offers actually passed through the full network tariff shape to the customers within the electricity network.

This raises significant issues for both energy network operators and customers.

Firstly, as networks seek to implement demand side strategies to influence energy consumption the success of these programs depend on the ability of the demand saving to be delivered and these saving to be maintained over a long period of time. In short, the demand savings need to be "banked".

In a situation where some or all retailers fail to pass on the network tariff shape, this will not only reduce the overall demand response across the network customer base but it also produces the uncertainty for the relevant distribution network. This uncertainty occurs as customers churn from one retail offer to another or retailers themselves seek to develop tariff options that diverge from the network tariff shape. In both cases, it results in muffling or distorting the ultimate price signal (and hence demand response) that the networks seek.

This limits the effectiveness of network based demand management pricing strategies, ultimately resulting in higher network charges and reducing the benefits of the interval meter rollout.

Modifying network charges to maximise profit

Where retailers' electricity offers vary from the underlying network tariff there is an opportunity for retailers to exploit unaware customers and maximise profit.

For example, a network introduces a three part tariff (off-peak, shoulder and peak) network TOU tariff. However a retailer operating within the network area offers a two-part tariff to customers (peak/off peak) rather than reflecting the three-part network tariff.

The issue is whether the retailer reflects the cheaper shoulder period by reducing the overall peak rate or whether shoulder and peak times in the network tariff simply become peak times in the retail tariff. Unaware customers would in such situations allow the retailers to profit from the discrepancy between the network shoulder rate and the retail peak rate.

Retail code and other terms and condition protections

The introduction of TOU and DPP tariffs will increase household bill volatility. The magnitude of this bill volatility will depend upon a number of factors including household size, employment arrangements, appliance stock, access to alternative fuels, climate/temperature and other social and economic factors.

As such the role and nature of the broader retail code protections become even more important as a tool to mitigate against the impact of increased bill volatility on households. As a result of the potential for increased bill volatility we believe that the introduction of TOU and

DPP tariffs affirm the current Victorian Government's commitment to exclude the application of late payment fees in the Victorian energy market and other consumer protection

Concession and protections

Currently the state governments offer a number of energy concessions. For example the Victorian Government provides for a 17.5% winter energy concession and a 13% year round off-peak concession for health care card (HCC) and pension care card (PCC) holders.

As networks reallocate their network tariffs from flat tariffs to TOU tariffs there should be a corresponding adjustment in the off-peak concession budget as HCC and PCC households that were previously ineligible for the off-peak concession should become eligible.

Furthermore an opportunity exist for the Government to encourage eligible households to maximise their concession entitlements by shifting load from peak to off-peak periods. Such an initiative may marginally increase the Government's concession budget but it could have broader positive societal impacts via lower energy prices.

This raises the potential to use concessions in a multifaceted way - to promote affordability and equity as well as a tool to promote load shifting/shaving.

Furthermore the current winter energy concession is based on the premise that a flat rate energy charge is applied year round, and as such bill volatility is directly related to consumption patters. That is higher bills will occur in the in the winter heating period as the winter energy concession is designed to mitigate this price shock for low income households.

However with the introduction of Carbon Pollution Reduction Scheme (CPRS), TOU, DPP and other tariff innovations, the current rationale for the Winter Energy Concession should be review as the winter period may not be where price shocks are experienced.

As we introduce more seasonal pricing summer bill may be larger than the winter bills and a more appropriate alternative may be a year round concession.

The role of information and broader community education

As indicated above, Energy Australia and Integral Energy both believe there is significant scope to explore the role of information in managing demand through achieving demand response. A basic and cost effective approach to demand response could thus be a publicly coordinated information campaign that requests households to modify household consumption. We know similar campaigns have been very successful in the case of water usage.

The report to assess Energy Australia's Interval Meter trials was funded by a grant from Consumer Utilities Advocacy Centre.

On the Wire is © Consumer Action Law Centre, 2008.

If you would like to subscribe/unsubscribe email janine@consumeraction.org.au with the words Subscribe or Unsubscribe 'OntheWire' in the subject line.

[-back to top-](#)

