



SUBMISSION

To: **SCER Secretariat**
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Re: **Response to Proposed
Amendments to the Consumer
Advocacy Panel (CAP) Regulations**

Contact:

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Background

UnitingCare Australia

UnitingCare Australia is the Uniting Church's national body supporting community services and advocacy for children, young people, families, people with disabilities and older people.

The UnitingCare network is one of the largest non-government providers of community services in Australia, providing services and supports through almost 1,500 sites to more than 2 million Australians each year in urban, rural and remote communities. The network employs 35,000 staff and 24,000 volunteers.

UnitingCare Australia works with and on behalf of the UnitingCare network to advocate for policies and programs that will improve people's quality of life.

UnitingCare Australia is committed to speaking with and on behalf of those who are the most vulnerable and disadvantaged for the common good.

Stewardship of our environment is a fundamental responsibility of societies both in the short-term and for the benefit of future generations. We strongly support the notion of the triple bottom line for government community and business organisations whereby economic stewardship, environmental stewardship and social stewardship (the nurture of citizens) are equally valued and reported on publicly.

UnitingCare Australia's principle interest in energy regulation arises because energy is an essential service with rising costs that are putting inordinate financial pressure on growing numbers of households in Australia.

In the following document, when the term 'consumers' is used, we are speaking of household and small business consumers, including family farms and family businesses.

Uniting Care Australia's energy vision is that by 2030 energy in Australia will be plentiful, renewable and affordable for all citizens.

Context for CAP

The purpose for the Consumer Advocacy Panel (CAP) is given on their website as:

“The purpose of the Consumer Advocacy Panel is to facilitate customer advocacy in the national electricity and national gas markets so the views of all classes of consumers can impact on decision-making on market policy and regulation.”

The CAP was established to reduce the risk of market failure due to a lack of consumer input into energy regulatory and policy processes. The provision of countervailing views to those of the energy industry is an important element of processes to develop and maintain effectively competitive markets.

In the 12 years since the CAP was established, there have been substantial changes in the structures and process of Australian Energy Markets. The ability of CAP to fund consumer input during this period of dramatic change has been significant.

We suggest that both the breadth of consumer input needed and the depth of understanding for such input have increased over recent years, so the review of aspects of CAP’s regulations is appropriate.

The current context is also relevant because while CAP continues to support consumer advocacy, there is also a review underway regarding proposals to establish a national energy consumer advocacy body, including consideration of CAP being absorbed into this body, and the AER is also developing guidelines for improved consumer engagement in network regulation processes. These provide important context for considering the future roles and focus of CAP.

With this context, we briefly consider each of the 5 proposals for changes to the CAP regulations

Response to Recommendations

1. Definition: Small Consumer (Lower use thresholds)

Supported

The proposed reductions in energy use thresholds to define a small consumer are supported as we believe that residential households, including family farms, will fall within the proposed use limits. There are a small number of businesses that would normally be regarded as ‘small businesses’ that are likely to use more energy than the proposed thresholds, eg bakeries, dry cleaners / laundries etc. These business groups may need to be monitored to determine any material detriment that they may experience from being excluded from the definition of ‘small consumers’.

2. Criteria: Replace requirement for ‘diversity’ with a requirement for ‘maximum benefit to consumers’

Not Supported

Determining the ‘maximum benefit to consumers’, ex ante, is an almost impossible task to apply in practice. Indeed, we suggest that a highly credible proxy for attempting to determine ‘maximum benefit’ is to support a diversity of consumer engagement within the breadth and depth of energy market developments. It is analogous to a market having a diversity of retailers being regarded as a proxy for a competitive market.

Consumers are diverse, the energy needs and interests of a Tasmanian pensioner are very different from those of a remote Aboriginal family which are different from a family run Korean restaurant and a mallee farmer. Further, while there is one NEM, energy markets vary between geographic jurisdictions as well. The diversity of consumers and their interests, need to be able to be represented in what remains changeable energy markets. For these reasons we recommend retention of the ‘diversity’ requirement for CAP funding.

3. Criteria: Establish advocacy need

Supported

It is reasonable the funding applicants are able to summarise the advocacy need that they are intending to address, focus is essential for effective advocacy.

4. Criteria: Include reference to the NERL

Not Supported

While we accept that funding from CAP will mainly support projects that refer to the NERL, there is, we believe, some ambiguity as to what the NERL refers to, or more specifically the strength of the relationship between the NERL and some issues that we consider to be important for advocacy focus. For example, we suggest that each of the following examples are issues that are likely to be included in appropriate future advocacy, but their direct relationship with the NERL is ambiguous:

- Concessions policies that assist low income consumers to pay their energy bills
- Energy Efficiency standards for residential buildings, including rental properties

- “Third parties” who are not retailers that seek to provide energy services to households, eg through ‘smart meter / smart network enabled communications products
- Electric vehicles and their impacts on demand, load factor etc.

We recommend that while reference to NERL can be a useful CAP funding guideline, it should not be mandated, to ensure a breadth of coverage of energy market and related issues, by advocacy as determined important by consumers.

5. Criteria: Consider capacity for co-contribution

Not Supported

While we recognise that co-contributions are helpful to enhance advocacy, making co-contributions a ‘hard and fast’ requirement could well be counterproductive. Most consumer advocacy organisations have very tight budgets and limited income sources, so requiring co-contributions may end up taking more time and effort than is efficient or more likely can be a barrier to an organisation taking up advocacy action; an unsatisfactory outcome.

We also are convinced that a majority of community based advocacy organisations are highly altruistic in their objectives and practice, so often considerable un-costed advocacy benefit can arise from funded advocacy. But this can be difficult to quantify, although the outcomes are real.

In summary, asking for co-contribution is an appropriate guideline, but should not be a formal requirement.

The UnitingCare Australia energy advocacy program is supported with funding by the Consumer Advocacy Panel.