



COTA Australia

## **COTA ENERGY ADVOCACY PROJECT**

ACT Advocates Briefing – 18 June 2018



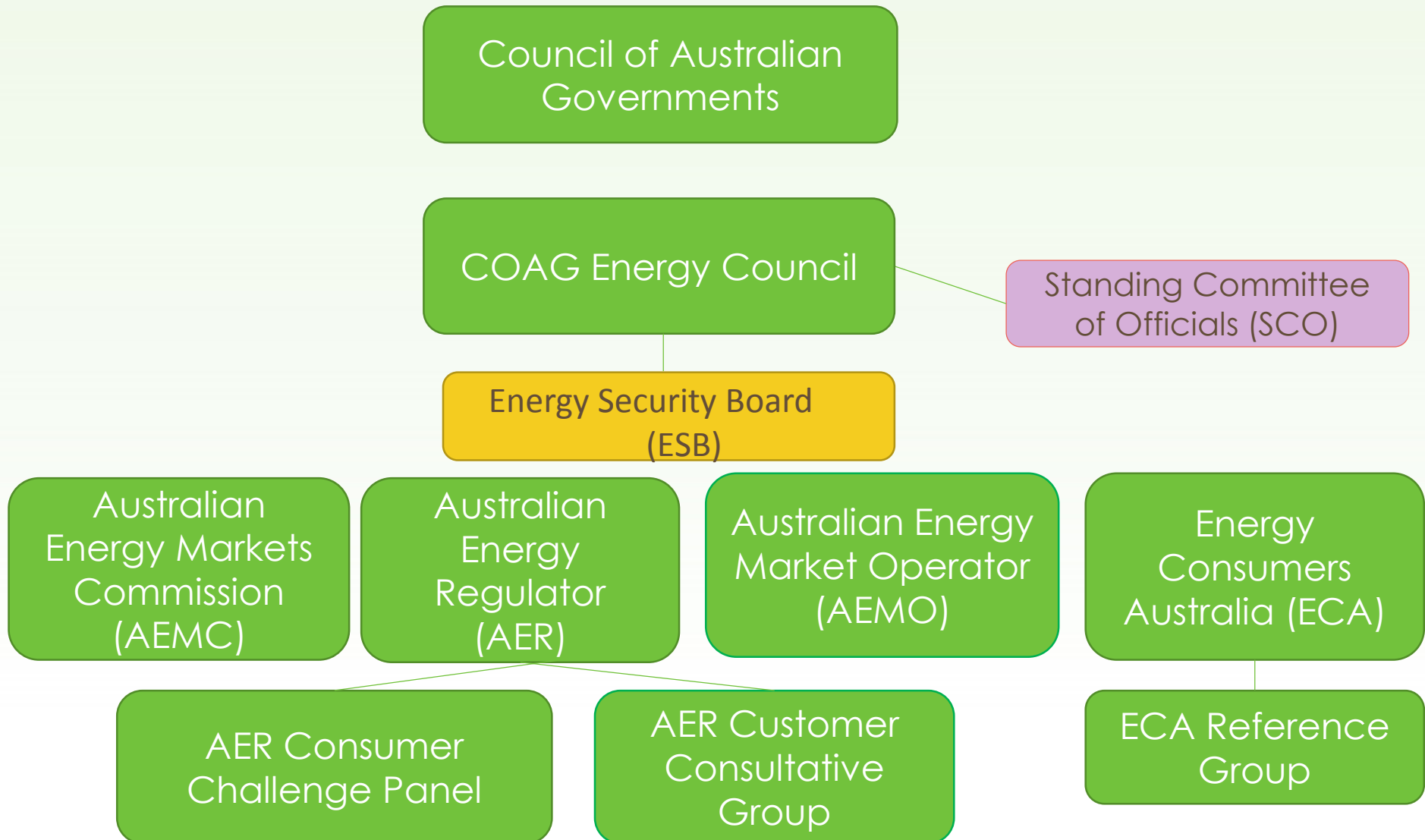
# AGENDA

- National Energy Market Framework - updates
- Current Issues in the NEM - updates
- ACT Jurisdictional Arrangements
- Issues and Opportunities for COTA ACT

# NEM Institutions – updates

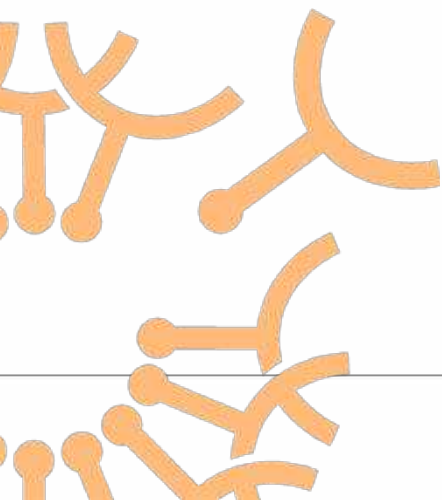


# National Energy Market (NEM) Institutions



## Other national bodies

- Energy Networks Australia – ENA
- Australian Energy Council - AEC
- Australia and New Zealand Energy and Water Ombudsman Network - ANZEWON
- National Energy Consumer Roundtable



# Current developments in the NEM

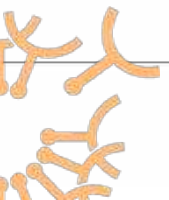
- ACCC review of electricity supply and prices
- Finkel Report
- Prime Minister Intervention
- Rate of Return Review
- Hardship Review
- Embedded networks
- Cost-reflective tariffs
- Contestable metering
- Life Support changes



# ACCC Review of Electricity Supply and Prices

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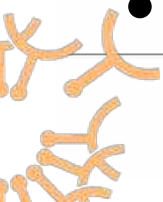
- ACCC directed by Treasurer to hold an inquiry into the supply of retail electricity and the competitiveness of retail electricity prices.
- Issues Paper released May 2017
- Public forums July/August
- Preliminary report released 16 October 2017
- Final report due June 2018



## Current Developments – Finkel Report

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- ‘Independent Review into the Future Security of the National Electricity Market’ – delivered June 2017
- Addressed the need to balance energy affordability, energy system reliability and Australia’s emissions reduction commitments. 49 recommendations accepted.
- Energy Security Board created – developed National Energy Guarantee (NEG)
- Following consultation, further work on NEG design agreed at COAG Energy Council in April 2018
- Final design due August 2018

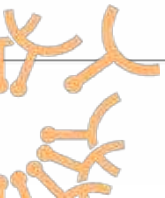




# Prime Minister's Intervention

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- AER Reference group (Energy Information Presentation & Customer Engagement Reference Group) set up Sept 2017
- COTA invited to participate, with particular focus on the needs of consumers who are not online
- New Retail Pricing Information Guidelines and Retail Performance Reporting Guidelines issued
- Other work – ‘Benefit Change Notice Guideline’ & ‘Advance Notice of Price Changes’, ‘Preventing Discounts on Inflated Energy Rates’ reviews in progress



## Current Developments – Rate of Return Guideline Review

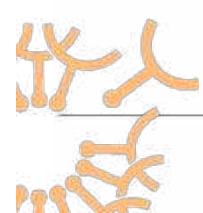
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- Rate of Return (or WACC) on a network's regulated asset base (RAB) is the largest component of energy bills
- Highly contested, subject of many court appeals
- AER commenced review in July 2017.
- Issues paper released October 2017
- AER appointed Customer Reference Group – 14 consumer representatives
- Expert Evidence Sessions – March, April 2018
- Joint CRG submission – May 2018
- Draft Decision – 6 July 2018
- COAG has decided that new Guideline will be 'binding'

## Current Developments – Hardship Review

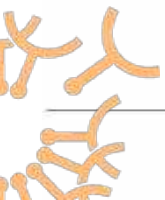
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- AER has submitted a rule change request to AEMC – ‘Strengthening protections for customers in hardship’
- Consultation paper issued May 2018. Submissions close 28 June 2018
- Objectives are to increase level of compliance with retailer obligations to customers in hardship; ensure more consistency in how customers requiring assistance are identified; make commitments to customers more binding.



## Current Developments – Embedded networks

- Rule change (1) – consumers in embedded networks to have access to ombudsman dispute resolution services
- Rule change (2) – consumers in embedded networks able to transfer to retailer of choice
- Rule change (3)- embedded network operator is required to facilitate access to energy concessions



## Current issues – Cost-reflective network tariffs

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- Network tariffs must be based on the cost of providing the service
- Networks submit Tariff Structure Statement to AER as part of Regulatory Reset process (Evoenergy submitted TSS in January 2018)
- Customer impact statement must be provided with Tariff Structure Statement
- Driving demand based tariffs
- Requires advanced meters
- Already introduced for new customers in ACT

## Current Developments – Contestable metering (electricity)

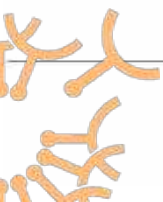
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- New rule implemented on 1 December 2017
- Meters no longer owned or read by networks
- All new or replacement meters must be advanced meters
- Customers can opt-out, but generally unaware of the changes or their rights
- New 'Metering Coordinator' role in the NEM
- Metering Coordinator handles connections/disconnections
- Currently long delays in meter installations

## Current Developments – Life support changes

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- New rule implemented on 19 December 2017
- Customers qualify for life support protections from the time they notify either distributor or retailer
- Sets minimum requirements for registration & deregistration
- Clarifies roles with respect to registration, medical certification, deregistration
- Customer must provide medical certificate within 50 days (extension available)
- Full implementation January 2019

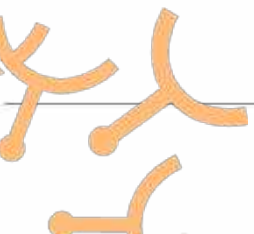


# ACT Jurisdictional arrangements

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ACT has:

- 2 small solar electricity generators
- 1 electricity transmission & gas transmission pipeline  
(shared with NSW)
- 1 distribution network
- 4 retailers
- Independent Competition and Regulatory Commission (ICRC)
- ACT Environment and Planning Directorate is the Technical Regulator of utilities
- ACT Civil & Administrative Tribunal

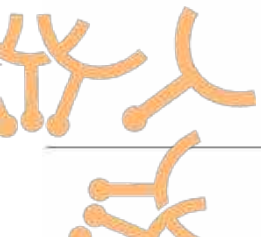




# Opportunities for COTA ACT

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- Customer Councils – Evoenergy, ActewAGL & retailers
- Network Regulatory Resets
- ICRC Consultations
- ACT Essential Services Consultative Group
- Reviews and Enquiries, Submissions
- National roles
- Peer education



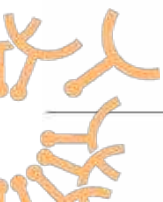
# Particular Issues for Older Consumers

- Energy affordability
- Energy Concessions
- Consumer protections in embedded networks
- Maintenance of non-digital communication channels
- Life Support Arrangements
- Solar feed in tariffs
- Access to newer technologies



# Network Regulatory Determinations

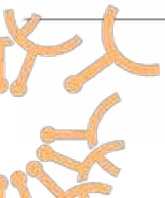
- 5 yearly cycle of network determinations
- Each determination takes approximately 2 years
- Stages:
  - Framework & Approach set by AER (Electricity)
  - Network business develops & submits proposal
  - AER convenes Public Forum
  - AER issues Draft Decision
  - Network business submits Revised Proposal
  - AER issues Final Decision
- AER Consumer Engagement Guidelines for Network Service Providers. Proposals must include summary in plain language, description of engagement activity & concerns, key risks and benefits for consumers



# Evoenergy Regulatory Reset 2020-2025

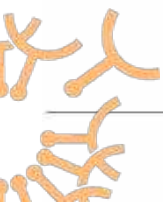
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- Sets network prices for the period 2019-2024
- Timeline:
  - Proposal submitted to AER 31 January 2018
  - Draft decision by AER 30 September 2018
  - Revised proposal due December 2018
  - Submissions close end January 2019
  - Final decision 30 April 2019
  - New prices apply 1 July 2019
- Refer to submission by ACT Energy Consumers Policy Consortium



# Opportunities for Influencing Network Regulatory Proposals

Elements of Regulatory Proposal	Ability to Influence
Stakeholder Engagement	✓
Operating Expenditure	✓
Capital Expenditure	✓
Capital Base	X
Financing Costs (Rate of Return/WACC)	X
Incentive Arrangements	✓
Demand Forecasts	✓
Network Pricing/Tariffs	✓



THANK YOU

