



COTA Australia

COTA ENERGY ADVOCACY PROJECT

SA Advocates Briefing – 2 May 2018



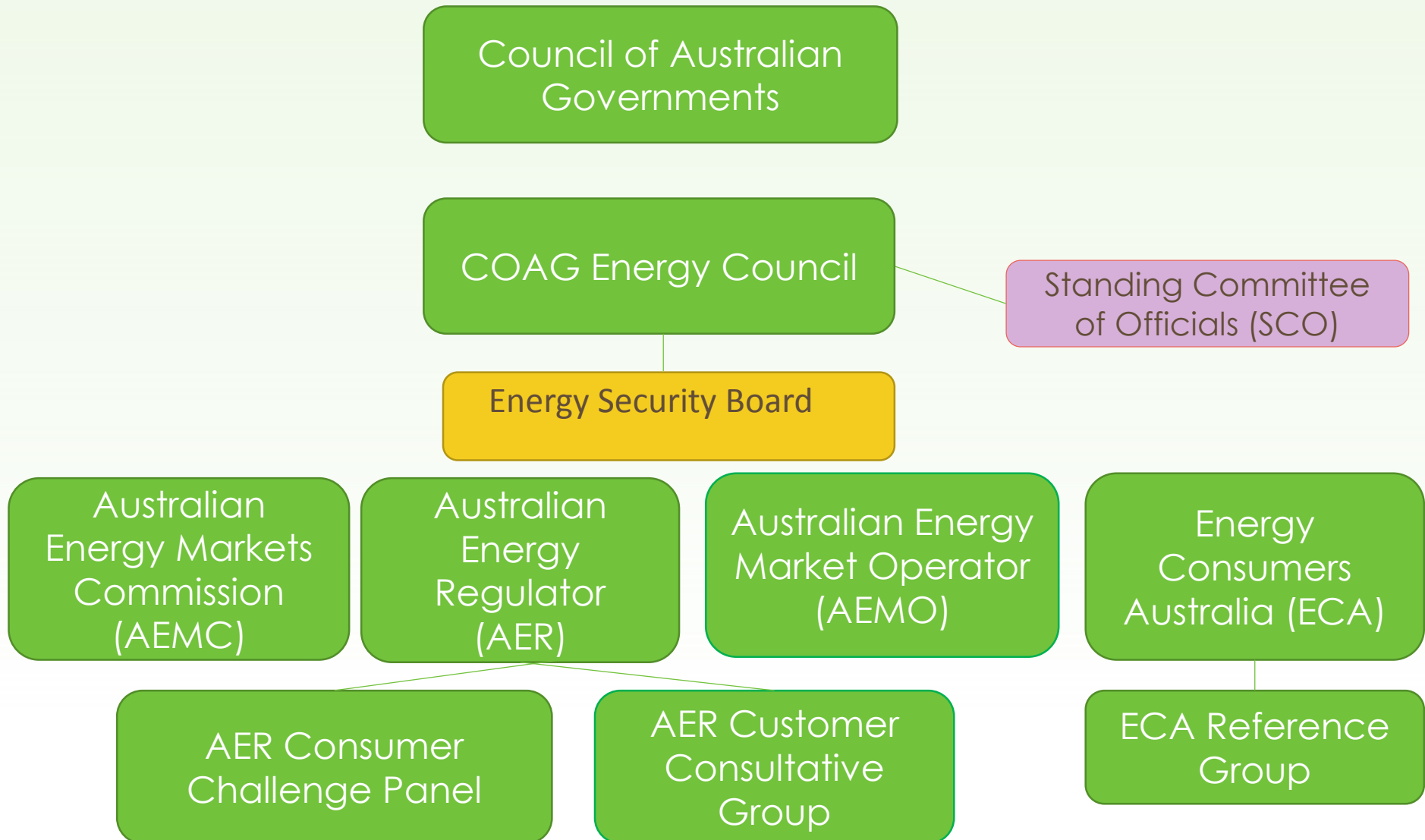
AGENDA

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

NEM Institutions – updates

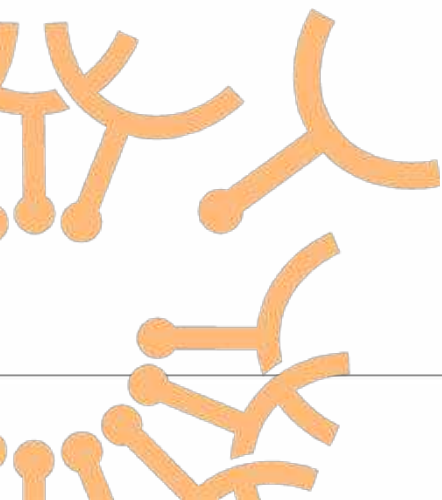


National Energy Market (NEM) Institutions



Other national bodies

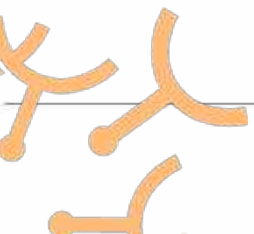
- Energy Networks Australia – ENA
- Australian Energy Council - AEC
- Australia and New Zealand Energy and Water Ombudsman Network - ANZEWON
- National Energy Consumer Roundtable



South Australian Jurisdictional arrangements

South Australia has:

- many electricity generators and gas producers
- 1 electricity transmission & several gas transmission pipeline/network
- 1 distribution network for electricity & 1 for gas
- 20+ retailers
- Essential Services Commission of South Australia
- Office of the Technical Regulator, Department of Energy & Environment
- Energy & Water Ombudsman South Australia



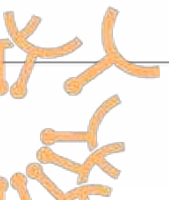
Current developments in the NEM

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



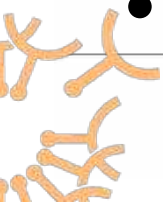
ACCC Review of Electricity Supply and Prices

- 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



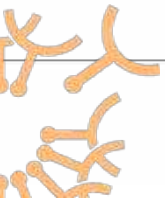
Current Developments – Finkel Report

- ‘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



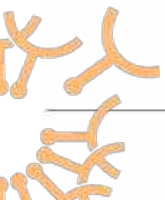
Prime Minister's Intervention

- 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



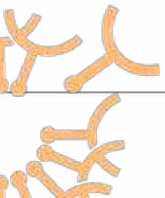
Current Developments – Embedded networks

- 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



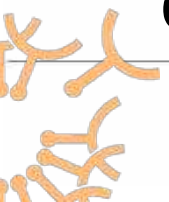
Current issues – Cost-reflective network tariffs

- Network tariffs must be based on the cost of providing the service
- Customer impact statement must be provided
- Networks submit Tariff Structure Statement to AER as part of Regulatory Reset process – SAPN due to submit next TSS in January 2019
- Driving demand based tariffs
- Requires advanced meters



Current Developments – Contestable metering (electricity)

- 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



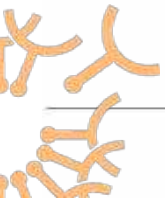
Particular Issues for Older Consumers

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

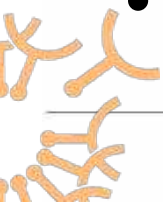


Opportunities for COTA SA

-
- Customer Councils – South Australian Power Network, AGN SA, Electranet & retailers
 - Network Regulatory Resets
 - EWOSA Board
 - ESCOSA Advisory Council
 - SACOSS – Essential Services Consultative Group
 - Reviews and Enquiries, Submissions
 - National roles
 - Peer education

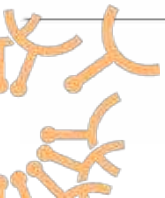


Network Regulatory Determinations

- 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
- 

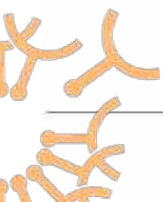
SAPN Regulatory Reset 2020-2025

- Sets network prices for the period 2020-2025
- Timeline:
 - Proposals due to AER 31 January 2019
 - Draft decision by AER 30 September 2019
 - Revised proposal due December 2019
 - Final decision 30 April 2020
 - New prices apply 1 July 2020
- Networks must have a Consumer Engagement Plan
- Proposals must include summary in plain language, description of engagement activity & concerns, key risks and benefits for consumers



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

