



QUEENSLAND ELECTRICITY USERS NETWORK

"Advocating for affordable and reliable electricity in Queensland"

Submission

On

Consumer participation in revenue determinations and associated regulatory processes - Consultation paper on consumer resourcing

15 November 2017

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COAG Energy Council – Consultation Paper on Consumer Resourcing

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1.0 Introduction

There is no doubt – the National Electricity Market is in the midst of a power crisis.

Electricity is not affordable and reliability and security are increasingly an issue.

The National Electricity Market (NEM) operates under the rules and policies set by the Council of Australian Governments (COAG).

The rules and policies are set following COAG's consideration of advice provided by government staff, regulatory bodies, generators, networks, retailers, specialist energy consultants and consumers.

Those that have resources are able to provide advice and influence energy policy.

Adequate resources enable the attendance at industry meetings and the provision to industry, regulatory entities and COAG of evidence based advice.

The National Electricity Market owes its existence to the need to supply electricity to consumers. Yet the funding of energy consumers in Australia is both inequitable and chronically inadequate.

Funding has been heavily skewed to advocates representing residential consumers, particularly vulnerable households. Yet around 75 per cent of electricity consumed in the National Electricity Market is consumed by business.

The homes being *disconnected* for not paying their power bill are homes in *middle* Australia. Statistics collated by the Australian Energy Regulator show that around 75 per cent of households living in the dark *do not* receive energy concessions. Homes in *middle* Australia have chosen to go without other necessities to ensure their family has a roof over their heads.

Energy poverty and job insecurity is coming to a house near you unless consumer advocates are adequately resourced, particularly advocates representing small business, regional consumers and middle Australia.

Energy policy has become fixated on the mix of generation supplied in the NEM.

One of the keys to resolving this solvable power crisis is to make sure that all generation – whether it is fossil fuelled or renewable – is connected to the consumer by a **viable poles and wires network**. At present the ability of small business and regional consumers to participate in network determinations and meetings has been severely impeded by resourcing constraints.

We advocate that COAG make urgent changes to consumer resourcing to enable consumers to have voices at the energy policy table including network determinations.

This will require COAG to:

- ensure consumer advocacy is equitable
- overhaul the reporting of business consumer statistics
- ensure consumer advocacy is sufficiently funded to provide evidence based advice
- ensure the independence of consumer advocates is not compromised by sources of funding
- ensure the composition of all Customer Consultative Groups is equitable
- improve communications between COAG, the AER, ECA and consumer advocates

2.0 Recommendations

The Queensland Electricity Users Network recommends:

- A review of the budget of Energy Consumers Australia to ensure equitable funding for small business and regional consumer advocacy
- An immediate increase in the overall funding available for advocates for small business and regional consumers
- A change to the National Energy Retail Law to allow the Australian Energy Regulator to collect quarterly statistics on the number of payment plans offered by retailers to business customers
- A change to the National Energy Retail Law to allow for the Australian Energy Regulator to collect quarterly statistics on aged receivables by customer class
- A change to the National Energy Retail Law to stipulate that the Australian Energy Regulator must release retail statistics no later than 8 weeks after the quarter to which the statistics pertain
- Require both Energy Consumers Australia and the Australian Energy Regulator to have at least 50 percent representation on reference committees from small business and regional consumers
- Form a Small Business and Agricultural Industry Energy Advisory Committee to report to COAG
- Provide regional consumers with access to teleconference and video conferencing facilities for Australian Energy Regulator consultative processes

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3.0 Ensure consumer advocacy is equitable

3.1 General

The first consideration should be whether the existing level of consumer funding is being distributed to energy consumers in an equitable manner. This will require a review of the budget set by Energy Consumers Australia and approved by COAG.

In May 2014 COAG approved the establishment of Energy Consumers Australia (ECA) to absorb the functions of the existing Consumer Advocacy Panel and promote the long term interests of energy consumers, in particular residential *and small business consumers*.

The ECA was established on 30 January 2015.

Energy Consumers Australia is a company limited by guarantee with a five member board and whose sole member is the South Australian Minister for Resources and Energy (serving on behalf of the COAG Energy Council). Energy Consumers Australia is governed by the ECA Constitution, as agreed by the COAG Energy Council in December 2014.

The Australian Energy Market Operator (AEMO) collects fees on behalf of Energy Consumers Australia.

The 2017-18 AEMO budget estimates \$6.7 million will be collected for ECA being:

- \$0.00979 **per electricity connection point per week** or approx \$5 million from approx 9.8 million electricity points of connection (75% of funds from electricity customers)
- \$0.03199 **per gas customer supply point per month** or approx \$1.7 million from approx 4.3 million gas points of supply (25% of funds from gas customers)

In 2015-16, ECA's first full year of operation, AEMO collected \$6,426,528 on behalf of ECA; \$4,907,941 from electricity consumers (76 %) and \$1,518,587 from gas consumers (24 %).

In addition to \$6.4 million collected by AEMO in 2015-16, the ECA also received a \$2 million grant over three years from the Federal Government to consolidate and extend the work done under the Low Income Energy Efficiency Program (LIEEP). The \$55.3 million LIEEP Program provided grants to 20 recipients to trial approaches to improve the energy efficiency of low income households between 2012 and 2016.

Of the \$6.4 million collected by AEMO in 2015-16, ECA approved 42 grants totalling \$2,155,640 representing 34% of the funds collected by AEMO on ECA's behalf (see Figure 1).

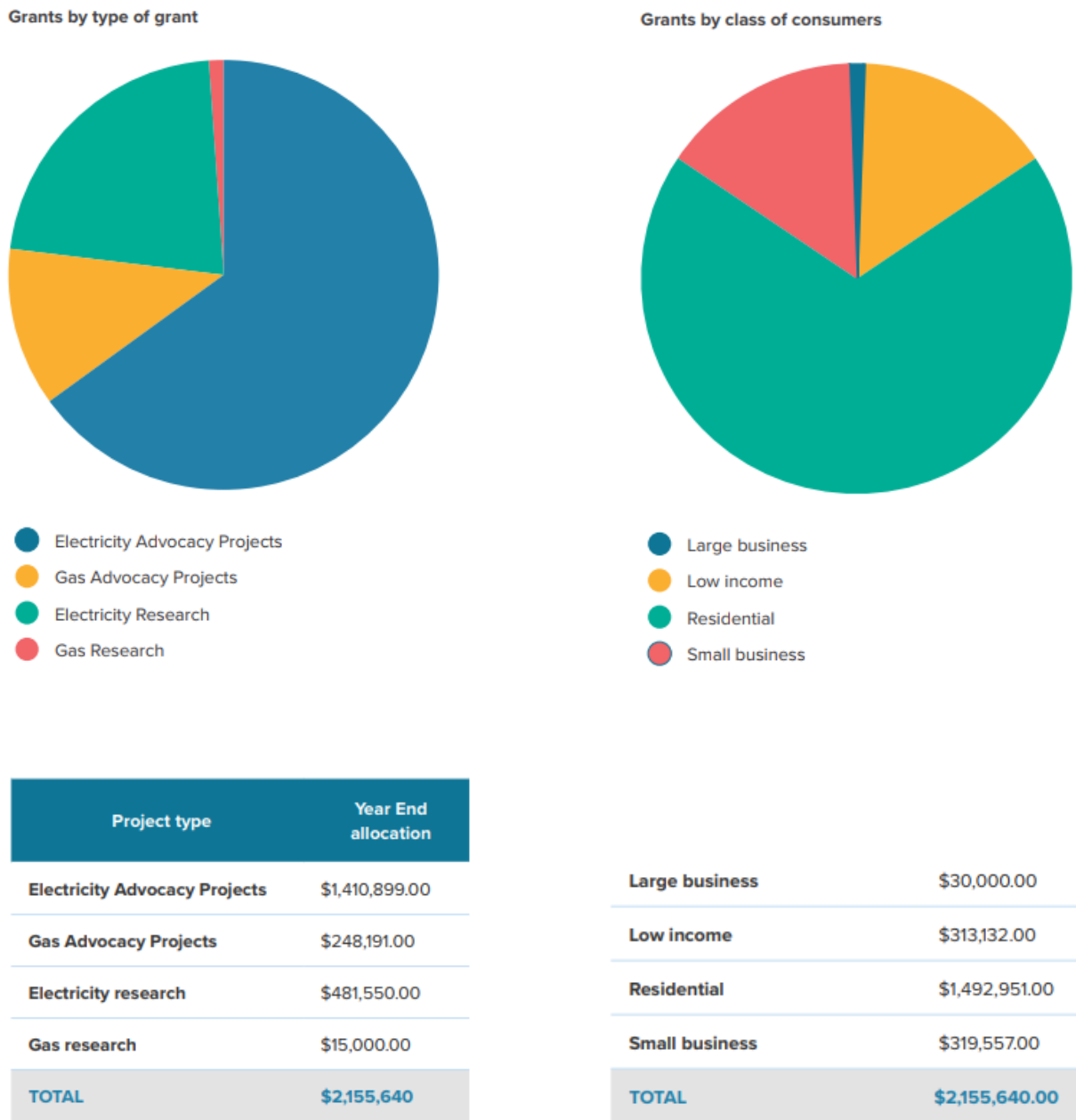
Of the \$2.1 million allocated to advocacy and research grants a total of \$1,892,449 or 88% was allocated to electricity and \$263,191 or 12 % to gas (see Figure 1). The \$2.1 million in grant funding was divided by ECA as per the following classes of customers (see Figure 1):

- 1 % to large business consumers (\$30,000)
- 15 % to small business consumers (\$319,557)
- 15 % to low income residential consumers (\$313,132)
- 69 % to residential consumers (\$1,492,951)

According to ECA's 2015-16 Annual Report, the ECA approved 42 out of 63 grant applications.

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Figure 1: Allocation of grant funding by Energy Consumers Australia by value and consumer class in 2015-16



Source: Energy Consumers Australia 2015-16 Annual Report

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3.2 Change the funding methodology to increase funding to small business & regional consumers

Energy Consumers Australia promotes itself as the “**national voice of residential and small business consumers**”.

ECA appears to allocate funding based on the class of customer at the *connection point*. This apparent method of grant allocation aligns with the method used by AEMO to collect ECA fees ie per connection point.

In 2015-16 ECA allocated 84 percent of its grants to advocacy and research for residential customers. This left only 16 percent for business consumers to provide evidence based advice to industry and COAG.

The paltry funding of \$319,557 from a total ECA budget of \$6.7 million meant small business advocates were severely under resourced. This inequitable funding allocation weakened the voice of the engine room of the economy – small business - at network determinations and at the energy policy table.

We strongly recommend a change to the funding received for business advocacy and research. Instead of being based on the class of customer at the connection point, the funding allocation must take into consideration the consumption of electricity from the National Electricity Market. This is because around 75 percent of NEM supplied electricity is consumed by business customers.

In 2015-16 Ergon Energy Network had 624,525 residential customers which represented 84 percent of the customers connected to the Ergon Energy Network (see Table 1).

However, Ergon Energy Network only received 43 % of the revenue needed to operate its \$11 billion poles and wires network from residential customers (see Table 2). This demonstrates that Ergon Energy Network is highly dependent on the revenue earned from the consumption of electricity by business customers.

Should business customers accelerate their abandonment of the grid or continue to reduce their consumption from the grid, this will have far reaching consequences for those business and residential customers reliant on NEM supplied electricity. This is because the annual revenue of each individually owned transmission and distribution network in the NEM will need to recoup their revenue cap from a smaller customer base; a customer base that will be missing numerous high consumption and revenue earning business customers. If transmission and distribution networks are receiving less consumption revenue ie cents per kWh, then transmission and distribution networks will need to recoup their revenue through higher fixed charges.

Growing fixed charges are already incentivising businesses to leave or reduce their consumption from the grid. For example, a farming business with multiple connection points can choose to replace an electric pump with a cheaper diesel pump. The fixed and consumption revenue that the electric pump used to provide is now lost but the poles and wires regulatory asset remains. The network must still maintain the poles and wires asset connected to the pump even though it no longer receives income from those poles and wires.

As per Table 1, 66 % of the customers on the Ergon Energy Network are located on the short and long rural sections of the network. These rural and regional customers drive our agriculture and mining industries – the drivers of the Australian economy and provider of thousands of Australian jobs.

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The first wave of job losses has occurred in regional Australia depressing the economy of regional cities. The ripple effect will gain momentum and strength as the economic problems of regional cities becomes the economic problems of capital cities. Energy poverty and job insecurity will increasingly be a problem in the cities unless small business and regional consumers have a strong voice at the energy policy table. The under resourcing of business and regional consumers is putting the NEM at risk. This affects all consumers – regional and urban – dependent on NEM supplied electricity.

Table 1: Ergon Energy Network customer numbers

ERGON ENERGY NETWORK CUSTOMER NUMBERS	
	Standard control services
	VOLUME (0's)
	2015-16
Distribution customer numbers by customer type or class	
Residential customer numbers	624,525
Non residential customers not on demand tariff customer numbers	101,730
Low voltage demand tariff customer numbers	8,416
High voltage demand tariff customer numbers	81
Unmetered Customer Numbers	4,601
Other Customer Numbers	2
Total customer numbers	739,354
Distribution customer numbers by location on the network	
Customers on CBD network	-
Customers on Urban network	248,873
Customers on Short rural network	402,111
Customers on Long rural network	84,670
Total customer numbers	735,653

Source: Ergon Energy Benchmarking RIN response 2015-16

Table 2: Ergon Energy Network revenue grouping by customer class

ERGON ENERGY NETWORK REVENUE GROUPING BY CUSTOMER TYPE OR CLASS		
	Standard control services	Alternative control services
	REVENUE (\$0's)	
	2015-16	2015-16
Revenue from residential Customers	639,740,545	-
Revenue from Non residential customers not on demand tariffs	254,664,087	-
Revenue from Non-residential low voltage demand tariff customers	408,972,739	-
Revenue from Non-residential high voltage demand tariff customers	128,618,154	-
Revenue from unmetered supplies	4,604,656	-
Revenue from Other Customers	39,277,914	92,586,362
Total revenue by customer class	1,475,878,095	92,586,362

Source: Ergon Energy Benchmarking RIN response 2015-16

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4.0 Overhaul the reporting of business consumer statistics

The Australian Energy Regulator does not segregate residential and business customers. This is because the National Energy Retail Law, set by COAG, protects small energy consumers ie residential energy users and small businesses annually consuming less than 100 MWh of electricity or 1 terajoule of gas (see Table 3).

Table 3: Small customers in Queensland

Retailer	Sep 2015	Dec 2015	Mar 2016	June 2016	Sep 2016	Dec 2016	Mar 2017
AGL	357,936	363,277	365,393	367,459	372,151	375,506	378,989
Ergon Energy	694,525	695,184	690,122	688,197	687,595	686,185	683,075
Origin Energy	751,673	749,834	747,682	749,836	750,016	749,409	745,063
Other retailers	277,272	282,796	287,496	294,179	292,387	298,856	309,474
TOTAL	2,084,386	2,091,091	2,090,693	2,099,671	2,102,149	2,109,956	2,116,601

Source: Retail statistics, Australian Energy Regulator website

Transparency on the number of business consumers is further compounded as **‘every connection point’** is considered a *‘customer’*

A survey by the Queensland Electricity Users Network found that on average a business in regional Queensland has 2.3 electricity bills or connection points. The number can be as high as 35 electricity bills or connection points for a single business. The survey also found that 37 percent of businesses included a portion for home consumption in their electricity bill.

Most consumers in regional Queensland are captive to Ergon Energy Retail but as per Table 3 it is not possible to determine how many connection points are to residential consumers and how many are to small business consumers.

If Ergon Energy’s falling customer numbers relate to failing businesses or businesses reducing their connection points (eg using diesel pumps rather than electric pumps), this has serious ramifications for network revenue.

Survey after survey has found that rising electricity costs are impacting on the profitability and viability of businesses throughout the National Electricity Market. The June Quarter 2017 Pulse Survey by the Chamber of Commerce and Industry Queensland found that 5 % of Queensland businesses could close due to rising electricity costs.

The Chair of Energy Consumers Australia made the following statement in the 2015-16 ECA Annual Report:

*“This transition will require extra investment to change the fuel mix to cleaner sources of energy and this will almost **inevitably place further upward pressure on the unit price of energy for households and small businesses.**”*

The lack of understanding of the financial stress experienced by business consumers is hidden from COAG and ECA. This is because the only business statistic COAG requests the Australian Energy

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Regulator to collate is the number of disconnections of small business customers due to non-payment (see Table 4).

Table 4: Small business customer disconnections in Queensland

Retailer	2012-13	2013-14	2014-15	2015-16	Q1 2016-17	Q2 2016-17	Q3 2016-17
AGL	469	393	437	326	37	33	51
Click Energy	13	35	39	24	4	0	5
Diamond Energy	-	-	-	1	1	0	0
EnergyAustralia	48	148	44	103	10	12	21
Ergon Energy	368	433	662	384	256	138	162
ERM Power	-	-	-	-	-	-	1
Lumo Energy	18	17	21	32	13	10	10
Momentum Energy	2	1	1	3	0	0	0
Origin Energy	812	841	690	388	148	32	138
Powerdirect	138	171	100	81	10	9	20
QEnergy	117	128	65	61	16	7	9
Simply Energy	-	-	-	-	2	0	0
TOTAL	1985	2167	2059	1403	497	241	417

Source: Retail statistics, Australian Energy Regulator website

Business consumers cannot access hardship programs and the extent to which retailers offer payment plans to business consumers is unknown. To provide an insight into the financial stress experienced by business consumers COAG needs to change the National Energy Retail Law to stipulate the collection of, on a quarterly basis, payment plan and the aging of receivables information.

COAG does require the AER to collate information that indicates the financial stress experienced by residential consumers such as disconnections due to non-payment, payment plans and hardship programs (see Table 5, 6 and 7).

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Table 5: Residential customer disconnections in Queensland

Retailer	2012-13	2013-14	2014-15	2015-16	Q1 2016-17	Q2 2016-17	Q3 2016-17
AGL	5,481	3,653	5,246	4,037	568	1,101	1,281
Australian Power & Gas	527	612	-	-	-	-	-
Click Energy	242	796	718	350	23	11	74
Diamond Energy	0	12	18	10	3	8	4
EnergyAustralia	211	519	504	1,820	455	233	303
Ergon Energy	6,645	12,454	12,994	8,381	3,050	2,332	2,975
Locality Planning Energy	-	-	-	6	9	7	17
Lumo Energy	347	333	538	1,088	341	249	189
M2 Energy	0	6	52	73	9	22	33
Metered Energy Holdings	-	-	-	184	27	31	88
Origin Energy	5,701	6,722	9,256	5,362	1,642	464	2,040
Powerdirect	100	143	299	312	135	167	158
QEnergy	52	49	50	25	2	4	5
Sanctuary Energy	0	3	9	7	1	0	2
Simply Energy	0	3	8	12	4	4	7
Urth	-	-	-	-	1	0	0
TOTAL	19,306	25,305	29,692	21,667	6,270	4,633	7,176

Source: Retail statistics, Australian Energy Regulator website

Table 6: Customers on payment plans in Queensland

Retailer	Sep 2015	Dec 2015	Mar 2016	Jun 2016	Sep 2016	Dec 2016	Mar 2017
AGL	1,662	1,664	3,343	3,637	3,313	3,844	5,270
Click Energy	752	814	802	744	688	660	1,022
Diamond Energy	0	80	91	99	75	71	121
EnergyAustralia	14,051	9,582	15,418	11,189	11,570	11,398	12,447
Ergon Energy	11,224	10,607	10,248	15,483	10,020	9,368	13,992
Locality Planning Energy	0	4	5	8	10	10	16
Lumo Energy	2,323	2,200	2,225	2,534	2,418	2,408	1,963
M2 Energy	23	29	21	32	44	36	30
Metered Energy Holdings	83	64	191	111	72	71	153
Mojo Power	-	-	-	-	-	-	3
Momentum Energy	1	0	0	0	0	0	0
Origin Energy	5,350	4,498	4,528	4,532	4,615	3,549	5,099
People Energy	-	-	-	-	-	-	2
Powerdirect	164	205	250	334	396	364	387
Powershop	-	-	-	-	-	-	1
QEnergy	99	92	106	110	118	101	98
Red Energy	-	-	-	-	-	5	1,729
Sanctuary Energy	13	17	32	35	23	15	19
Simply Energy	5	3	6	10	7	6	9
TOTAL	35,750	29,859	37,266	38,858	33,369	31,906	42,361

Source: Retail statistics, Australian Energy Regulator website

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Table 7: Customers on hardship programs in Queensland

Retailer	Jun 2013	Jun 2014	Jun 2015	Jun 2016	Sep 2016	Dec 2016	Mar 2017
AGL	1,332	2,617	2,519	4,966	5,397	5,146	4,604
Australian Power & Gas	174	-	-	-	-	-	-
Click Energy	169	18	266	434	554	516	387
Diamond Energy	0	6	8	13	11	15	17
EnergyAustralia	300	747	1,664	1,093	899	875	895
Ergon Energy	3,822	3,209	5,515	6,321	6,311	6,726	6,642
Lumo Energy	164	282	302	391	362	360	37
M2 Energy	27	88	266	264	304	312	357
Metered Energy Holdings	-	-	-	14	26	25	8
Origin Energy	3,189	2,370	4,330	4,729	5,498	5,270	5,932
Powerdirect	31	37	95	143	172	172	157
QEnergy	22	28	34	40	59	69	89
Red Energy	-	-	-	-	-	-	310
Sanctuary Energy	0	0	4	13	8	0	1
Simply Energy	0	0	0	2	5	6	7
TOTAL	9,230	9,402	15,003	18,423	19,606	19,492	19,443

The most recent retail statistics released by the AER relate to March Quarter 2017. It is now November 2017. Consumer advocates have been flying blind for five months as the AER under the National Energy Retail Law set by COAG does not have to release June Quarter statistics until 30 November each year.

This severely undermines the ability of COAG and ECA to understand the extent and urgency of the financial stress being experienced by different classes of consumers. This lack of information/transparency does not assist with the appropriate distribution of ECA's budget.

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5.0 Ensure consumer advocacy is sufficiently funded to provide evidence based advice

This power crisis is solvable with the input of *informed* consumer advocates. However, it takes time and increased financial resources to develop informed consumer advocates.

At a consumer meeting this year it was stated that there are only 5 advocates with more than 5 years experience in energy advocacy, the majority represent vulnerable consumers.

This means COAG and its policy advisors are receiving advice from a very small pool of consumer advocates that principally represent a particular sector of residential consumers.

The views and recommendations of advocates can vary depending on the class of consumer they represent and their level of knowledge of electricity pricing and supply.

For example, the Queensland Electricity Users Network (QEUN) represents residential and small business consumers, particularly regional consumers. The QEUN is supported by a voluntary Working Group of professionals including two electrical engineers.

The QEUN are not advocating for increased energy concessions.

The QEUN advocate for substantially lower electricity bills for all consumers by making multiple changes to all three components of a power bill; generation, networks and retail. For example, the QEUN advocate for tariff reform to increase the capacity utilisation of networks and decrease peak demand. This will allow viable networks to connect generators to consumers and therefore allow the National Electricity Market to function effectively.

The above demonstrates the point that consumer advocates representing different classes of consumers can have different recommendations for resolving this national power crisis. It is therefore important to involve a cross section of consumers at industry and network meetings where energy policy is being developed.

Due to under resourcing, the very small number of experienced and informed consumer advocates have to prioritise which consultations to participate in. This relegates some important consumer consultations to tick the box exercises ie on paper the networks have consulted but in reality the quality of engagement is poor. Tick the box exercises are not in the long term interest of consumers or state and national economies.

The volume of energy consumer consultations is growing in number and complexity.

It is no longer just about affordable electricity but also about reliable and secure electricity. This requires a very high level of technical knowledge and experience not usually found in the skill set of energy consumers eg electrical engineers. Another skill set that is increasingly needed is legal qualifications to understand the complexity of the legal framework that surrounds electricity pricing and supply.

Make no mistake this is a David and Goliath battle where the resources needed by David (consumer advocates) is constantly growing but are not being provided. On the other hand Goliath (industry, government and regulatory bodies) are growing in resources.

For example, the Australian Energy Regulator has received an extra \$67.4 million which represents a 60% increase in their ongoing funding. The extra funding will allow the AER to increase their staff from 124 to 193 this year, ramping up to 217 from next year. Since their increase in funding the AER has almost every second day emailed information about consultations and submissions that they would like consumers to participate in and provide submissions on.

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Despite numerous requests over the past two years the AER has failed to provide video and teleconference facilities for regional consumers at important network consultations eg the current Rate of Return Guideline Review. The need for video and teleconference links is critical for regional consumers as financial constraints do not allow their attendance at AER’s meetings *in capital cities*.

On the other hand the Australian Energy Market Operator has shown a real willingness to provide teleconferencing links to their consultative forums and the Australian Energy Market Commission has similarly provided opportunities for regional consumers to participate in their consultative forums.

Clearly, consumer resourcing is not just about dividing the pie equitably between classes of consumers; it is also about growing the size of the pie.

Table 8 below demonstrates the scale of the human and financial resources that David (consumer advocates) are expected to engage with to deliver outcomes that are in the long term interest of the energy consumers. This does not include state and federal government departments and networks staff.

Table 9 below shows how consumer advocates submitted 8 out of 40 submissions to the Review of the Limited Merits Review which was critical to consumers’ long term interests. The number of pages submitted by consumer advocates represented less than 10 percent of the total pages submitted.

Table 8: Human and financial resources of regulatory entities

National Energy Entity	
Australian Energy Market Commission	
Employees	70
Employee Expenses (\$ Million)	10.7
Total Expenses (\$ Million)	20.2
Australian Energy Regulator	
Employees (Plus corporate staff, lawyers and specialist regulatory economists)	142
Employee Expenses (\$ Million)	17.4
Total Expenses (\$ Million)	36.3
Australian Energy Market Operator	
Employees	>500
Employee Expenses (\$ Million)	83
Total Expenses (\$ Million)	680.5
Total Revenue (\$ Million)	681.5
Energy Consumers Australia	
Employees	15
Total Revenue (\$ Million)	6.4

Source: Compiled by QEUN from Annual Reports, September 2016

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Table 9: Submissions to the Review of the Limited Merits Review by type of entity

Entity	Number of submissions	Number of pages in submissions
Consumer organisations	7	69
Consumer	1	Confidential
Network business association	2	346
Network business	13	256
Gentailer	1	5
Federal Government institution	2	66
State Government Regulator	2	31
Legal association	1	24
Banks and economic companies (Plus 4 Confidential)	6	19 + Confidential
Other	1	1
Total (Plus 5 Confidential)	36 (40)	817+ confidential

Source: Queensland Electricity Users Network, October 2016

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6.0 Ensure the independence of consumer advocates is not compromised by sources of funding

Energy Consumers Australia stated in their 2015-16 Annual Report that:

*“Energy Consumers Australia approved funding of just over \$2.1 million for the 41 projects; it should be noted that **applicants contributed another 28% of resources (cash and in kind)**, making the total value of projects funded through the 2015/16 grants program just over \$3 million.*

Organisations are asked to make a co-contribution to projects in accordance with their capacity to pay. Energy Consumers Australia was pleased to see a number of consumer groups leveraging their relationships with industry and government to source data, advice and/or additional funding to enhance the impact of their project.”

Some consumer advocates representing vulnerable residential consumers have significant funding from state and federal governments.

ECA itself received an additional \$2 million over 3 years to consolidate and extend the work done under the Low Income Energy Efficiency Program (LIEEP). This is on top of more than \$6 million of annual funding to ECA.

In a letter received by the QEUN from the Queensland Government it states *“actions undertaken to support energy consumers include \$1.162 million provided over four years to advocate for **vulnerable customers** on energy and water related issues”.*

Small business and regional organisations are generally reliant on volunteers and modest membership fees to run their organisations. The ability to leverage co-contributions to improve likely success of advocacy funding applications is more limited.

The lack of small business and regional consumer advocacy on energy is strongly linked to inadequate funding and the lack of a secure ongoing funding source.

Funding provides the human resources required to build capacity. This allows small business and regional consumer organisations who are time poor to be active on an issue that for them is in the top 3 issues affecting their membership.

Small business and regional organisations recognise electricity is complex and complicated and therefore need to work collaboratively to acquire the specialist knowledge required to actively participate in energy policy.

Small business and regional consumers need an independent voice not linked to funding sources.

If organisations receive funding from Energy Consumers Australia they must write on all written material:

“DISCLAIMER

“This project was funded by Energy Consumers Australia (www.energyconsumersaustralia.com.au) as part of its grants process for consumer advocacy projects and research projects for the benefit of consumers of electricity and natural gas.

The views expressed in this document do not necessarily reflect the views of the Energy Consumers Australia.”

Considering the lack of small business representation on Energy Consumers Australia’s Reference Committee, we are concerned at the ECA claim to be *“the national voice for residential **and small business energy consumers?**”*

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7.0 Ensure the Composition of all Customer Consultative Groups is Equitable

QEUN raises the question as to why advocates for small business consumers have not had equitable representation on AER’s Consumer Consultative Group or ECA’s Reference Committee.

Table 10: Representation on AER Consumer Consultative Group and ECA Reference Committee

Consumer Organisation	AER CCG May 2017- 2019	AER CCG 2014-2017	AER CCG 2011-2014	AER CCG 2009-2011	ECA Reference Committee Oct 2017	ECA Reference Committee 2015 - Sept 2017
Consumer Action Law Centre						
Consumer Utilities Advocacy Centre						
Council of Small Business of Australia		(Resigned 2016)				
COTA Australia (Council on the Ageing)						
Energy Consumers Australia*						
Ethnic Communities Council of NSW						
National Retail Association						
Public Interest Advocacy Centre						
Queensland Council of Social Service						
St Vincent de Paul Society						
Tasmanian Council of Social Service						
Uniting Care Australia / Uniting Communities/Uniting Care Wesley Adelaide						
Australian Council of Social Service						
Australian Industry Group			(Resigned June 2012)			
Brother of St Laurence						
South Australian Farmers Association						
Alternative Technology Association						(Resigned Dec 2015)
Headberry Partners						
Federation of Ethnic Communities Councils						
South Australian Council of Social Service						
Care Inc						
Country Womens Association of Australia						
Canegrowers						
NSW Farmers Association						
Tasmanian Small Business Council						
Robin Eckermann						
TOTAL number in Customer Consultative Group	12	11 (12)	9 (10)	9	10	9(10)

*Energy Consumers Australia is an observer

Source: Compiled by QEUN, November 2017

Business Residential

COAG Energy Council – Consultation Paper on Consumer Resourcing

The Review of the Rate of Return Guideline is one of the most important consumer consultations the Australian Energy Regulator will undertake. The results of the Review could save or cost consumers millions of dollars now and into the future.

The AER’s Consumer Consultative Committee on the Review of the Rate of Return Guideline is severely lacking representation from small business and regional consumers.

Questions need to be asked why small business and regional consumers lack representation and why the AER continues to exclude regional consumers from its consultations by not providing video and teleconferencing links to meetings on the Review of the Rate of Return Guideline.

Table 11: Representation on AER Consumer Consultative Group for the Review of Rate of Return

Consumer Organisation	Small business Advocate	Medium to Large Business Advocate
Public Interest Advocacy Centre		
Council Of The Aging (COTA)		
Energy Consumers Australia		
Major Energy Users		
Uniting Communities		
Energy Users Association of Australia		
SA Farmers Federation		
Chris Joseph		
CARE ACT		
Anti Poverty Network South Australia		
National Seniors		
Council Of The Aging (COTA)		
Total Small Business Advocates	2	
Total Medium to Large Business Advocates		2
Total on AER Consumer Reference Group	12	12

Source: AER Latest News, 4 November 2017

COAG Energy Council – Consultation Paper on Consumer Resourcing

8.0 Improve communications between COAG, AER, ECA & consumer advocates

Very few consumer advocates were aware of COAG’s call for submissions on consumer resourcing.

Many consumer advocates were only made aware following a phone call on 1st November - the COAG Consultation Paper was released on 6th October and submissions closed on 3rd November.

Consumer resourcing is a constant source of frustration amongst all consumer advocates in the National Electricity Market. Adequate resources allow consumers to have a voice on energy pricing and supply and to provide evidence based advice.

Communication channels need to be improved as COAG, Energy Consumers Australia and the AER all omitted to notify consumer advocates of the need to provide a submission on this high priority issue for consumer advocates –consumer resourcing.

9.0 Conclusion

The failure to immediately increase the funding to small business and regional consumers will have severe financial ramifications for all consumers reliant on NEM supplied electricity and importantly, it will dramatically slow down the engine room of the economy – small business.

Unsustainable electricity prices are causing small business and regional consumers to remove or reduce their demand for grid supplied electricity, causing fixed and consumption charges to rise and the death spiral to accelerate.

This places into question the future viability of the entire National Electricity Market.

Energy policy has become fixated on the mix of generation supplied to the NEM.

Regardless of whether consumers source their electricity from fossil fuelled or renewable energy generation, the poles and wires network must be viable to enable electricity to be delivered to consumers.

Without adequate resources small business and regional consumers will be unable to provide evidence based advice to industry and COAG. This will result in less revenue for state and federal governments and growing job losses.