

COAG Energy Council Secretariat
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30 September 2016

Dear Madam / Sir

Re Review of the Limited Merits Review Regime

The Tasmanian Council of Social Service (TasCOSS) welcomes the opportunity to have input into the COAG Energy Council's review of the Limited Merits Review (LMR) regime in network regulation.

TasCOSS is the peak body for the community services sector in Tasmania and advocates for the interests of the sector and of the vulnerable and disadvantaged Tasmanians that the sector supports. We take a keen interest in energy policy and regulatory issues, and in particular in those issues and processes that affect energy prices since the cost of home energy has long been a major budgetary challenge for many Tasmanians living on low incomes. In recent years network pricing has been a key driver of electricity price increases and therefore of particular interest to TasCOSS as an advocacy body.

This review of the LMR regime in network revenue setting is welcome as it provides an opportunity to closely examine the efficacy and fairness of the regime. While we have not been directly involved in any Limited Merits Review processes ourselves, we have followed closely a number of LMR processes – and outcomes – in the Australian Competition Tribunal.

In our view the regime is not producing positive outcomes for consumers. Electricity prices remain high and network businesses remain highly profitable. It is our understanding that all matters taken to the Australian Competition Tribunal through the LMR process have resulted in either higher or the same revenue allowances being granted to network service providers, and never in revenue allowance reductions. This in itself is a poor outcome for consumers.

In addition, LMR processes are legalistic, complex and expensive – all features that render the processes largely inaccessible to consumers and their advocates. There is an obvious asymmetry of resources between network businesses and consumers advocates that put the latter at a serious disadvantage in the Tribunal setting. Furthermore, there are a number of examples of consumer advocates being denied standing in the Tribunal.

In our view these are some of the problems with the current LMR regime and while we lack the expertise necessary to make definitive recommendations on alternative approaches, we would like to see more equitable and accessible options emerge from this review.

Yours sincerely



Kym Goodes
Chief Executive Officer