



ACT Electricity Consumer Advocates Training Project 2004

Report - SESSION 2, 18 August 2004.
"Welcome to the National Electricity Market"

OVERVIEW

The subject matter for our second training session seemed quite dry on paper, and there was some concern that it would be uneventful and boring. However, the small size of the group and the willingness of the presenters to take questions as they arose meant we had a very lively and interesting session.

The second workshop was attended by:

Lyn Griggs – PhD student at Canberra University studying electricity pricing
Liisa Wallace – Care Financial Counselling Inc
Malcolm Parker - COTA ACT
Deborah Foskey – ACT Greens
Havelock Housing Inc.

Natasha Leigh from the Consumer Law Council of Victoria presented a session on the NEM, while Ian Primrose and Rod Woolley from the Independent Competition and Regulatory Commission provided an overview of the ACT regulatory regime, what is included in billing and what the future holds for the ICRC under the NEM.

WHO'S WHO IN THE NEM

Participants were provided with handouts (attached) that provided web resources for information on electricity generation, transmission, distribution and supply, a web page listing the various participants in the Victorian energy market, and a map of the NEM.

As most of the material on what industries make up the NEM had been provided in session 1 and would be covered in other talks, we moved straight into the role of the ACT regulator.

Ian Primrose and Rod Woolley discussed the issue of regulation in the current context where states and territories still provide regulation of the utilities licenced to operate in their jurisdiction.

The group was given an understanding of the licencing requirements for retailers and the various codes and legislation that governs the energy industries. We were also given an overview of which regulators have responsibility for the different industries in the NEM.

The issue of billing was addressed, and the difference between standard contracts by the franchise retailer (ActewAGL) and bundled services which have just come into the Canberra market. It appears that most people are not aware that by bundling they have changed their customer status. There was some lively discussion about the amount of notice that should be provided to customers who take up the bundling option.

Ian provided an overview of the various charges that make up the standard energy bill, including Transmission Use of System and Distribution Use of System charges.

The issue of metering was raised, including recent developments with smart meters and prepaid metering. The group was supportive of the idea that prepaid meters should not be forced on consumers and should not be a way of punishing people who get into debt.

The ICRC presentation ended with a discussion about the changes under the NEM to regulation.

Natasha Leigh from CLCV then provided a more detailed discussion of the NEM, including the idea of the virtual marketplace for electricity, the amounts of electricity that is generated and purchased, and provided a brief history of competition policy and its application to energy.

With a series of slides, Natasha showed the various issues in generation, supply and demand in the NEM, peak demand problems, and how the generators bid for a supply window. She also covered embedded generation and the issues with cogeneration.

Due to the intense interest and wide range of questions asked by the community representatives, the discussion on how consumers can influence the market was left to the third session.

The session wound up at 2pm.

ANALYSIS

The feedback from the second session was very positive, with a high level of interest in the upcoming topics.

A different strategy will be adopted to publicise the third session to boost numbers. The venue and the catering are good, and the presenters have all made a considerable effort to make their talks engaging and informative. The level of discussion has been quite involved, with a lot of time spent on teasing out issues that the consumer groups didn't understand.



Electricity Consumer Advocates Training Project 2004

Session 2: 'Welcome to the National Electricity Market'

AUGUST 18, 2004, 10am-2pm (incl. light lunch)

Canberra CIT Board Room

First level, CIT Function Centre, K Block

Constitution Avenue

REID ACT

Training Session Outline:

Who's who: Generators, Network Service Providers, Retailers, Regulators & more – Karen Nicholson, ACTCOSS.

The regulatory regime & principles of economic regulation - Ian Primrose and Rod Woolley, Independent Competition and Regulatory Commission. (ICRC).

- What is the role of the regulator in the ACT?
- What is regulated, and what is not?
- What will the ICRC's role be once a national energy regulator is functioning?

Introduction to the National Electricity market – Natasha Leigh, Consumer Law Centre of Victoria and NEM Project Director.

Discussion: Where do Canberra residential customers fit in this scheme? Can consumers and their representatives affect the market? What are the NEM impacts on consumer prices?

This session is planned as an overview of the National Electricity Market and the various entities in that market.

Further details: Karen Nicholson

karen@actcoss.org.au or 6202 7222.

Please let me now if you have any special requirements, including dietary.

Pre-reading for August seminar: An Electric Tale.

Many people may not be aware of it, but expectations of home energy use have changed dramatically over the past two generations. Households, particularly in urban areas, are now more energy dependent than even a few decades ago. In a market where those who can afford to pay can have as much of the commodity as they can afford, we need to ensure that those who can't afford their basic energy costs are not forgotten or ignored.

So let me tell you about a shift in living standards. It takes place over about two generations, from the early 1960s to the year 2000.

It's a cold winter's day in 1964, suburban Australia. Mum is waiting for the kids to come home from school and is shelling peas at the kitchen table. The radio is on for company. She rinses the peas under the cold water – no hot water yet, but she understands that some houses have large hot water systems that let you have heated water in the bathroom, kitchen AND even the laundry. When she was young there was a copper in the laundry shed and weekly baths, and all water that was heated was used at least twice.

The kids arrive home, cold despite their walk/ride/bus trip. Tonight's dinner is chops that she bought down the road earlier in the day, and there's heaps of potatoes, carrots and cauliflower to go with them. She was up early to get a load of washing done in the washing machine. The electric wringer makes it easier than the old hand-cranked wringer of her childhood. The clothes were almost dry when she took them off the line and draped them over chairs and racks inside to finish off.

The kids turn on the tele and watch cartoons until they are hunted off to do homework around 5, when Mum puts on the kerosene/oil/gas/electric heater in the living area, and puts dinner on the stove to cook. Dad comes home around 6 and the kids race off to the bathroom to quickly run their hands under the cold tap, as a gesture to washing for dinner. The family sits down in the dining room to eat their meal.

After dinner, the kids boil the kettle and pitch in to wash up while Dad reads the evening paper, or watches the ABC news.

Then it's bath time. The gas water heater is brought into action, and the two youngest pile in. Then it's the eldest child's turn, and she sneaks some extra hot water to warm the tepid bath. Dad and Mum usually have a quick shower in the morning.

At bedtime they clean their teeth, and if they've remembered to fill one, the kids climb into bed with a hot water bottle to warm their toes. Mum and Dad watch until the end of the television broadcast at 10pm, set the wind up alarm, and the household is off to sleep.

Jump forward to 2003. It's 4:30 and Mum's just got back from her part time job. She grabs the chops from the freezer and puts them in the microwave to defrost. She grabs some fresh and frozen veggies from the well-stocked fridge that holds a week's meat, fruit, vegetable and dairy from last week's shopping trip. She grills the chops, microwaves some frozen corn, and puts some rice and broccoli on to steam-cook.

The timer-controlled heating has made the whole house cosy, and when it's time to wash for dinner, the kids run the water in the bathroom until its warm. Mum pops on a load of washing, which she will transfer to the dryer when the washing machine has finished its cycle.

Two of the kids are in front of the tele, playing a video game, while the third is on the Internet, chasing up some information for her latest assignment. They eat their dinner where they are, while Mum and Dad catch up on their busy day at the dining table. Mum reminds Dad to recharge his mobile phone.

All through the house appliances are alert, waiting on standby. The second TV, the various digital clocks on each appliance, the bedside radio alarms, and computers ready to help with homework.

After dinner they have dessert, and the kids go to various rooms and watch tele, play on a computer, or listen to music while the nightly parade of showers takes place. Dad bellows at each child that they should be able to shower in five minutes, but they seem to need at least 15 each.

The dishwasher is unstacked and then stacked again, while Dad washes up those few things that can't be put in the dishwasher, and complains that there's no hot water left.

The electric blankets and nightlights are turned on, and the kids drift off to bed. Dad and Mum have a late night cuppa before Mum turns in around 10. Dad stays up to watch a late night sports broadcast from overseas, and finally climbs into bed around 1am.

These two households are neither affluent, nor distinctly poor. They are representative of a level of electricity use considered "normal" at the time.

The trend in 2004 is for smaller households in bigger houses, more in-house entertainment, and a market in cheap consumer electrical goods that offer the promise of comfort, information and status. They don't talk about the cumulative effect on your power bill.

We all expect to have a certain standard of living in Australia – some can pay for more, others cope with less. But we need to be aware of the changes happening in our society and ensuring that they don't leave people living with disadvantage behind in the power market.



Web links for understanding electricity generation, distribution and retail.

<http://www.energyquest.ca.gov/index.html>

Great site aimed at kids – I found it really interesting, remembering it is a site by the Californian Government.

<http://perth.indymedia.org/index.php?action=newswire&parentview=2613>

This is an interesting blog page commenting on energy outs last week in Perth. Follows on nicely from the small story I sent last week.

<http://www.ergon.com.au/energyed/education/coal/view.asp>

Virtual tour of a coal-fired generator, complete with environmental attributes!

<http://www.nemmco.com.au/publications/whitebook/introbook.htm>

An online information booklet about the National Electricity Market and its operations.

http://ees.ieaust.org.au/content_type1.asp?PageURL=227

Lists all the companies involved with gas and electricity supply, distribution and retail.

<http://www.powerlink.com.au/asp/index.asp?sid=5&page=aboutus&cid=4708&gid=836&id=15200>

Powerlink transmission company in Queensland.

http://www.energy.sa.gov.au/home/competition/pdf/sa_electricityind.pdf

Outline of SAs generators

http://www.tic.toshiba.com.au/website/newtic/pd_links.htm

NSW generators and energy companies.

Victoria's Energy Sector

[ELECTRICITY distribution](#) - [generation](#) - [retail](#) - [trader](#) - [transmission](#) [GAS distribution](#) - [retail](#)

ELECTRICITY

DISTRIBUTION

[AGL Electricity Limited](#)
[CitiPower Pty](#)
[Powercor Australia Limited](#)
[TXU Electricity Ltd](#)

GENERATION [List of Companies and Plant Locations](#)

[AES Transpower Holding Pty Ltd](#)
[AGL Power Generation \(Victoria\) Pty Ltd](#)
[Loy Yang Power and Loy Yang Power Management Pty Ltd](#)
[Duke Energy Bairnsdale Operations Pty Ltd](#)
[Energy Brix Australia Corporation Pty Ltd](#)
[Energy Developments \(Operations\) Pty Ltd](#)
[Eraring Energy](#)
[Ergon Energy Pty Ltd](#)
[Southern Hydro Partnership and Southern Hydro Operations Pty Ltd](#)
[Laverton North Power Pty Ltd](#)
[Hazelwood Power](#)
[Pacific Hydro Limited](#)
[Pacific Hydro Challicum Hills Pty Ltd](#)
[Stanwell Corporation Limited](#)
[Valley Power Pty Limited](#)
[Yallourn Energy Pty Ltd](#)

RETAIL

[ACTEW Retail Limited](#)
[AGL ACT Retail Investments Pty Ltd](#) – trading as ACTEW AGL Retail
[AGL Electricity Limited](#)
[AGL Victoria Pty Limited](#) – formerly Pulse Energy Pty Ltd
[Australian Energy Services Pty Ltd](#) – trading as Power Direct
[CitiPower Pty](#)
[Country Energy](#)
[Energy Australia](#)
[ENERGEX Retail Pty Ltd](#)
[Ergon Energy Pty Ltd](#)
[Integral Energy Australia](#)
[Origin Energy Electricity Limited](#)

[Powercor Australia Limited](#)
[TXU Electricity Ltd](#)
[TXU Pty Ltd](#)

TRADER

[Snowy Hydro Trading Pty Ltd](#)
State Electricity Commission of Victoria – Portland Electricity Supply
Agreements and Port Henry Electricity Supply Agreements

TRANSMISSION

[SPI PowerNet Pty Ltd](#)
Victorian Energy Networks Corporation (VENCorp)
Basslink Pty Ltd

GAS

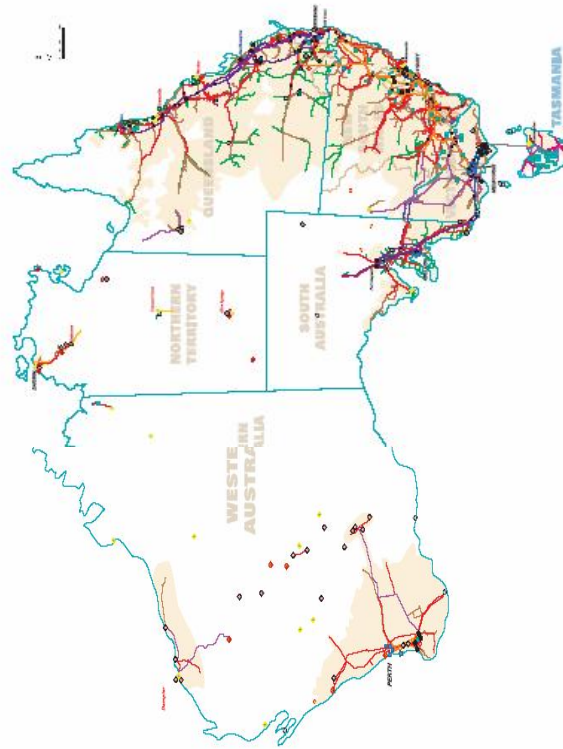
DISTRIBUTION.

[Envestra Limited](#)
Multinet Gas (DB No.1) Pty Ltd and
Multinet Gas (DB No.2) Pty Ltd – trading as MULTINET PARTNERSHIP
Vic Gas Distribution Pty Ltd – transferred from Stratus Networks Pty Ltd
[TXU Networks \(Gas\) Pty Ltd](#) – formerly Westar Pty Ltd

RETAIL.

[AGL Energy Sales & Marketing Ltd](#)
[AGL Victoria Pty Ltd](#) – formerly Pulse Energy Pty Ltd
BHP Petroleum (Bass Strait) Pty Ltd
[CitiPower Pty Ltd](#)
[ENERGEX Retail Pty Ltd](#)
[Energy Australia](#)
Esso Australia Resources Pty Ltd
Gascor Pty Ltd
[Origin Energy \(Vic\) Pty Limited](#) – formerly Boral Energy Limited
[Origin Energy Retail Limited](#) – formerly Boral Energy Limited
[TXU Pty Ltd](#) – formerly Kinetik Energy Pty Ltd

Source: Essential Services Commission <http://www.reggen.vic.gov.au/index-2.html>



Electricity Supply Association of Australia Limited

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MAP OF ELECTRICITY DISTRIBUTION ACROSS AUSTRALIA.
ESAA WEBSITE: esaa.com.au