

TasCOSS National Electricity Market Consumer Advocacy Project Second Progress Report 18 July 2005

The project, involving the facilitation and coordination of Tasmanian domestic end user consumers and advocates, commenced with funding from the Panel in late January 2005. This report is the second of four quarterly progress reports required by the funding agreement.

Consultations in North and North-West Tasmania

In May I arranged and carried out consultations on electricity issues with community sector employees and consumer advocates in the North and North West of the state. The session in Launceston was well attended with 12 participants and, while the Devonport session was attended by only three people, it was a lively and valuable exchange.

Those attending represented the following organisations: Anglicare Tasmania, Commonwealth Carelink (Launceston), George Town Council, Launceston Benevolent Society, the Salvation Army, Centacare, Advocacy Tasmania (North and North West) and the Drug Education Network.

At both sessions, I provided information about the TasCOSS NEM Consumer Advocacy Project, details of Tasmania's move to join the NEM and the possible implications of NEM membership for Tasmanian domestic consumers (in particular, low income consumers). The discussion focused on issues related to retail electricity supply, including price regulation, pre-payment meters, concessions, reliability of supply and the possible implications of a move to full retail competition in the state. I was able to provide information to participants about the experiences of domestic consumers in other jurisdictions that are currently members of the NEM and on current initiatives around the establishment of a nationally based electricity consumer advocacy body (note that this information was acquired through my participation in the national NEM consumer advocacy network).

Participants spoke about their clients' experiences with maintaining electricity supply and about the particular problem of energy inefficient housing and appliances – common problems in low income and disadvantaged households. Also raised were issues associated with Aurora Energy (the state's monopoly retail electricity supplier), including its credit policies, use of pre-payment meters, recently launched Hardship Policy and disconnection practices.

The consultations were valuable as forums to both disseminate and collect information. Very little was known about the NEM and the way it works, nor about competition in electricity retailing, and it was important to raise these issues for discussion given Tasmania's imminent connection to and participation in the NEM, and the possibility of retail competition being introduced to domestic consumers in the future. The sessions also established the TasCOSS NEM Project as a source of information and resources on these issues, as well as an accessible conduit for consumer feedback.

The contacts I made at these sessions are also valuable and extend the Tasmanian network of those interested in consumer advocacy on electricity issues. I have established a contact and

mailing list from participants and plan to keep people informed of consumer issues regarding electricity supply.

Participation in the national NEM consumer advocacy network

I continued to be involved in this network as the sole Tasmanian consumer representative, and participate in the NEMCHAT e-mail group and telephone link-ups, as required. The network is useful to allow me to keep up-to-date on issues of national interest and of particular issues in the other jurisdictions.

Pre-payment meters

I have written and distributed a paper on the use of pre-payment meters (PPMs) in Tasmania, titled *Why APAYG is not the best option for people living on low incomes* (see attached; note that APAYG is Aurora Energy's pre-payment meter system and stands for Aurora Pay As You Go). Tasmania is the only Australian jurisdiction in which there is widespread use of PPMs for electricity supply. More than 30,000 (about 15% of the total) Tasmanian households currently have PPMs installed.

There is debate in several other jurisdictions over the introduction of PPMs as retailers seek to extend their usage. Although more expensive than standard 'black meters', PPMs effectively remove consumers from any credit relationship with retailers.

The Tasmanian experience is important as an example of the use of pre-payment meters in an Australian context. From a consumer perspective, there are serious problems with the PPM system implemented in Tasmania, including the limitations of the metrological technology used.

Attachments

- *Why APAYG is not the best option for people living on low incomes* (written by Kath McLean, TasCOSS Policy Officer).

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