

Consumer Law Centre Victoria (CLCV)

**Report to the National Consumers Electricity Advocacy Panel (the Advocacy Panel)
Pursuant to Funding Agreement dated 21 February 2005
Application 81**

**CAPACITY BUILDING IN THE COMMUNITY SECTOR
REPORT 7**

1 July 2005 to 20 January 2006

1. Project Overview

The Capacity Building in the Community Sector Project (the **Project**) is made up of the following ongoing components:

- Network – maintaining a network of national stakeholders and continuing to develop mechanisms for information building and sharing.
- Education – facilitating delivery of information and conducting training sessions or conferences, as appropriate, to assist stakeholders in each state to participate in knowledge building.
- Advocacy – develop mechanisms for the delivery of collaborative advocacy in relation to the NEM.

The founding Project Coordinator, Natasha Leigh, resigned from the CLCV in July 2005 to take up a position as in-house legal counsel with NEMMCO. Tony Jayamaha succeeded Natasha as the interim Project Co-ordinator until November 2005. Anna Stewart, Eliza Collier and Gerard Brody also contributed to Project co-ordination during the reporting period (1 July 2005 to 20 January 2006).

2. Project Tasks Completed

2.1 Network

By early 2004 the Project had established a national network of consumer, welfare and environment organisations (**NEM Network**). By the end of 2005 the NEM Network had developed effective communication and knowledge building mechanisms via bi-monthly telephone conferences, an on-line chat group, contributions to the quarterly publication (*On the Wire*), face-to-face meetings and communications around written submissions.

During the reporting period the Project Coordinator continued to develop communication between members of the NEM Network and to enhance the profile of the NEM Network:

- Some of this development occurred through participation in joint research and submission writing (see 2.3 below).
- The CLCV jointly hosted with CUAC a face-to-face roundtable to coordinate response to the Ministerial Council on Energy's (**MCE**) *Public Consultation on a National Framework for Energy Distribution and Retail Regulation* prepared by NERA Economic Consulting and Gilbert + Tobin (the **NERA/G+T Paper**). The Project used this planning as an opportunity to work with other NEM Network members. The NERA/G+T Paper set out a proposal for a nationally legislated framework for distribution and retail energy rules. The CLCV, in collaboration with the Consumer Utilities Advocacy Centre, facilitated a roundtable, funded by the Advocacy Panel, at which the NEM Network met to discuss the issues raised by the NERA/G+T Paper. The roundtable was held on 30

November 2005 and provided an important opportunity for key NEM Network participants to meet face-to-face to discuss and plan advocacy around a pivotal issue in the development of the NEM. An external consultant facilitated the roundtable and assisted developing an information paper which better enabled advocates to prepare submissions to the NERA/G+T Paper. Participants agreed to collaborate on individual and joint responses to the NERA/G+T Paper that address the implications of the proposals, particularly for low-income and vulnerable consumers. As a result of the communication achieved through the Project, the NEM Network members provided robust, well-informed submissions in relation to the NERA/G+T Paper that were largely in agreement.

- Two telephone conferences were held during the reporting period (on 9 August 2005 and 30 August 2005). These discussed funding of consumer advocacy in the NEM, following on from the joint submission from NEM Network members to the MCE on consumer advocacy arrangements in the NEM.

NEMCHAT, the online email group set up to assist NEM Network members to communicate in relation to the MCE reform process, has continued to be used by NEM Network members to update other NEM Network members on outcomes of a number of MCE consultations.

2.2 Education

During the reporting period, the seventh and eighth editions of *On the Wire* were distributed to the NEM Network (on 30 October 2005 and 21 December 2005 respectively – copies attached). *On the Wire* updated NEM Network members on the activities of members and in this way contributed to the educational development and building of capacity of the NEM Network. The Project Coordinator assisted writers with their contributions and ensured that the contributions were of a high quality and consisted of timely and relevant information.

During the reporting period, a training workshop was held in Melbourne with the Financial and Consumer Rights Council (Vic). The Project Coordinator provided a two-hour introductory session on the NEM regulatory framework, an explanation of how the wholesale market operates and some additional information about current issues in the NEM on 18 October 2005.

The training program was designed to provide participants with the basic principles to enable them to input into NEM debates. The following issues were addressed:

- consumers' rights in relation to retailing and distribution of electricity;
- how prices are set;
- how Victoria fits within national energy regulation and policy reform;
- what the national electricity market means for Victoria consumers; and
- the environmental challenges that arise in relation to energy and the NEM.

Twelve Victorian financial counsellors attended the training day. The feedback provided has been extremely positive with all attendees commenting that the training session was well organised and that the content provided an excellent basis for further knowledge building.

2.3 Advocacy

In its second year, the Project has proved to be successful in increasing collaboration around community sector responses to NEM policy and regulatory debates, including via written submissions. Four written submissions have been completed during 2005, with two submissions completed during the reporting period.

In October 2005, the National Electricity Market Management Company (**NEMMCO**) released a discussion paper on Market Settlement and Transfer Solution (**MSATS**) Data Issues. The MSATS paper sought comments on a range of issues, including a proposed change to the customer transfer process. The

Project commented on the effect of altering the timing of MSATS transactions in relation to the initiation of a customer transfer for small end-use consumers. The submission highlighted that the proposed change would result in customer transfers occurring prior to the expiration of the relevant cooling-off period in Victoria to the detriment of consumers in that State. The submission also referred to a detailed response prepared by CLCV to the Essential Services Commission's (ESC) *End to End Project Issues Paper*, which also proposed altering the timing of MSATS transactions in relation to customer transfers. The CLCV sought the input of the NEM Network to its response, which was endorsed by a number of NEM Network members.

The Project's submission to NEMMCO (attached) can be found on the NEMMCO website at <http://www.nemmco.com.au/meteringandretail/709-0147.pdf>. The CLCV submission to the ESC can be found on the ESC website at http://www.esc.vic.gov.au/apps/page/user/pdf/CLCV_SubEndToEndProject2005.pdf.

The second submission was in response to a consultation paper released by the NERA/G+T Paper (see Section 2.1). The Project's submission argued that the NERA/G+T Paper proposed a reduction of regulation on energy retailers and distributors, at the expense of existing consumer protections. As such, the submission presented a set of principles for consumer protection and benefit, which should underpin the development of a national framework for energy distribution and retail regulation. The Project's submission to the MCE (attached) can be found on the MCE website at: <http://www.mce.gov.au/assets/documents/mceinternet/ConsumerLawCentreVictoria20060116121719%2Epdf>.

3. Reporting

The financial report for the reporting period is for the period 31 July 2005 to 20 January 2006 and is attached (Finance Report 6).

Minter Ellison continued to provide in-kind contributions, in the form of graphic formatting of the seventh and eighth edition of *One the Wire*, the NEM Network newsletter, increasing the value of the Project.