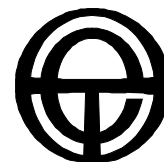


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14 June 2006

Hon David Llewellyn
Minister for Energy
GPO Box 936
Hobart 7001

Dear Minister,

Re: MCE Communiqué of 19 May, 2006

Total Environment Centre (TEC) commends the Ministerial Council on Energy (MCE) on the commitment to support the Council of Australian Governments (COAG) initiative on the national rollout of interval meters, announced in the Ministerial Council on Energy Communiqué of 19 May 2006. However, the directives from COAG and the MCE leave room for the jurisdictions to continue with business as usual.

Interval meters

The current state of play across the jurisdictions means that each is taking completely different approaches to the installation of interval meters. Victoria, for instance, has decided to speed up the process and have "smart" interval meters installed across the state in an accelerated program. New South Wales, in contrast, has no such program, with individual businesses developing their own timeline and making independent decisions about the technology to be adopted. This is resulting in the slow, ad hoc rollout of interval meters, with at least one company installing retrograde, manually read meters. Accompanying tariff schemes developed so far also display considerable variety, with few showing evidence of coherency.

By neglecting to give more specific direction, the MCE and COAG are further entrenching a fragmented and inefficient system where the consumer still has limited facility to exercise informed choice in their purchase of appliances, and in the level and timing of use of those appliances.

We urge the MCE to give some guidance to the jurisdictions on a full-scale roll-out of advanced interval meters, with real-time pricing being the optimum choice. Appropriate retail tariffs must also accompany such a roll-out to take full advantage of the benefits of this technology.

We would be interested to hear how the MCE views its progress against the new COAG initiatives on this issue.

Demand side response mechanisms

Similarly, the MCE was charged by COAG to give effect to, “implementing a comprehensive and enhanced work program to establish effective demand side response mechanisms in the electricity market.” The MCE was also charged with examining, “options for a demand-side response pool in the NEM,” under the AEMA. We are seeking clarification on the progress and terms of reference for the work program.

Retail Policy Working Group

TEC notes that the MCE has additionally agreed on a work program to address features of the national distribution (non-economic) and retail functions. However, the descriptions of the work program of the MCE SCO Retail Policy Working Group (RPWG) within the Attachment to the Communiqué are somewhat confusing. We therefore request clarification of exactly which matters will be addressed by the RPWG; the process for the selection of representatives for the stakeholder reference group; and the timeline of the work program. For instance, it is stated that recommendations are to be prepared in early 2007, but the regulatory framework and transfer of distribution functions will have been established before then (that is, 1 January 2007).

We are pleased that the MCE has approved a limited merits review model for electricity. Although our preference is for an open merits review, we appreciate that the MCE has given greater consideration in the latest model to the potential for user and consumer groups to participate in the review process.

We also congratulate the MCE on its commitment to the establishment of a long-term consumer advocacy funding model for electricity advocacy.

We look forward to hearing from you on these important matters.

Yours faithfully,



Jeff Angel
Executive Director

Cc: Members of Ministerial Council on Energy