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Member for Hammond

House of Assembly
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Statutes Amendment (Energy Consumers Australia) Bill

Mr PEDERICK (Hammond) (15:42): I advise the house that I will not be the lead speaker on this bill. Today I rise to speak to the Statutes Amendment (Energy Consumers Australia) Bill. It seeks to amend the Australian Energy Market Commission Establishment Act 2004, the National Electricity (South Australia) Act 1996 and the National Gas (South Australia) Act 2008. I note that this bill was introduced by the Minister for Mineral Resources and Energy on 15 October 2014 and the intent of the bill is to establish a national energy advocacy body, Energy Consumers Australia or ECA.

I note that SACOSS is supportive of the establishment of Energy Consumers Australia and, in terms of the cost to consumers, it believes that it is good value for money, and the savings to consumers achieved from the establishment of Energy Consumers Australia are likely to outstrip the cost so that would certainly be a good thing if that is what prevails into the future.

SACOSS did advise that it is important that the reference committee which advises the board as part of this proposal includes representatives from groups such as SACOSS to ensure that the interests of the most vulnerable people in our electorates are fairly represented. What we understand is that the Small Business Commissioner is broadly supportive of the proposal to establish the ECA and note that he would like to see representation from the small business sector on the board.

I note that, in relation to the definition of 'small business' in the bill, it is the same as described in the national energy retail law and the associated regulations. A small business customer has the same meaning as a small customer. There are upper consumption thresholds for determining whether business customers are small or large customers. A business is considered a large customer if it consumes more than 100 megawatt hours per annum and below this threshold it is considered to be a small customer. By way of comparison, the average annual South Australian household electricity consumption is approximately 6.4 megawatt hours

for metropolitan customers and just over 7 megawatt hours per household for rural and remote customers.

In relation to any costs that will come about if this bill becomes an act, the same cost will apply to both residential customers and small businesses and it is expected to be approximately 64¢ per year based on the Australian Energy Market Operator (AEMO) methodology for collection of the fee.

I note that in regard to this legislation the whole Council of Australian Government Energy Council agreed to establish Energy Consumers Australia as an important pathway and step towards increasing consumer advocacy on national energy market matters of strategic importance or material consequence for energy consumers. The establishment of Energy Consumers Australia will be as a company limited by guarantee. A constitution will instigate that it will be governed by a single member and the South Australian minister responsible for energy and a skill-based board comprising of four directors and one chair.

The objective is to promote the long-term interests of consumers in regard to energy with respect to price, quality, safety, reliability and security of supply of energy services by providing and enabling strong, coordinated, collegiate, evidence-based consumer advocacy on national energy market matters of strategic importance or material consequence for energy consumers. This is certainly mainly in regard to small business customers and residential customers. This is to make sure that in representation in national energy matters all energy consumers will be represented, and that is why the ECA is being established.

Given that, in the main, most customers are not always able to be represented on a sufficiently well-informed analytical basis to influence national energy policy developments or outcomes of regulatory determinations that have a large bearing on consumers' energy prices, part of what will happen if this bill becomes law and Energy Consumers Australia is set up, is engaging with consumers and existing consumer advocacy groups in regard to identification and resolution of national energy issues, and this will increase the overall effectiveness of building national and jurisdictional expertise and capacity through the management and funding of research and representation activities in creating new avenues for consumers to be able to express their opinions, so that any issues that concern them regarding costs or delivery of energy can be expressed.

The name of the bill is the Statutes Amendment (Energy Consumers Australia) Bill 2014 and it makes amendments to several bills including the national electricity law and the schedule in the National Electricity (South Australia) Act 1996, the national gas law and the schedule in the National Gas (South Australia) Act 2008, and the Australian Energy

Market Commission Establishment Act 2004. In this legislation, there is currently a body that advocates for consumers, the Consumer Advocacy Panel, and that existing body will be abolished if this bill comes into law.

The Australian Energy Market Operator will provide the funding for Energy Consumers Australia. In regard to rules in relation to Energy Consumers Australia, it is noted that the South Australian minister will be responsible for making initial rules, and they will include provisions for its funding and other consequential matters. I have not seen this, and it may be in other legislation, but it is interesting to note that after the initial rules are made the minister will have no further power to make any more rules.

The bill will provide the Australian Energy Market Operator with the ability to consider the appropriate methodology for recovering future consumer advocacy funding. There will be sufficient flexibility for the Australian Energy Market Operator to prepare a transitional schedule indicating how the funding is to be recovered from the electricity market customers until the end of the current participant fee determination period.

As I said, the South Australian Council of Social Service (SACOSS) is generally in favour of what is happening under this bill to ensure advocacy for all electricity and gas consumers and to make sure that the most vulnerable in our community can get representation. I note that as at the end of June 2014 the South Australian small customer electricity market served around 845,000 individual connections. That generates \$1,400 million in retail sales from 5.2 terawatt hours of electricity, and it works out to approximately 40 per cent of state demand. This goes against the large-customer market, where around 7,000 customers provide around \$1,000 million in revenue from 7.6 terawatt hours of electricity, which equates to around 60 per cent of state demand.

Mr Treloar: You know your numbers.

Mr PEDERICK: It's great when you've got good notes. Of the small customer group, around 90 per cent are residential, providing revenue of around \$1,100 million per annum from four terawatt hours (4,000 gigawatt hours, or 30 per cent of state demand) of electricity. Around 10 per cent of small business provides revenue of around \$330 million per annum from around 1.3 terawatt hours of electricity, or approximately 10 per cent of state demand.

As I said earlier in my initial comments about this bill, it does seem to be a reasonable administrative bill, but I will be interested to hear other contributions in this house. I believe the shadow minister may have some questioning in committee? No, he does not think so. I would think that this bill will have a fairly straightforward progress through this house.