

CUAC Rural and Regional Network Newsletter

September 08

Gas, water and electricity consumer issues in rural and regional areas

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‘Events’ is the key word for this spring edition of the Rural and Regional Network Newsletter. CUAC has an important Forum coming up in October on how to build a business case for a better energy supply for your community. See page 8 for details, and get in early as places are limited. Also, people working in the community sector might like to register their interest in a workshop we are holding later in the year on how upcoming policy changes in energy and water will affect consumers (see page 3). More news, reviews, and info inside along with a case study on how a small community group made a big impact.

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CUAC is an independent consumer advocacy organisation which ensures the interests of Victorian electricity, gas and water consumers—especially low income, disadvantaged, rural and regional, and Indigenous consumers—are effectively represented in the policy and regulatory debate.

CUAC believes all Victorians have a right to:

- ♦ affordable and sustainable electricity, gas and water
- ♦ have their interests heard in policy and regulatory decisions on electricity, gas and water
- ♦ not be disconnected from electricity, gas and/or water due solely to an inability to pay



Views expressed in the newsletter are not necessarily those of CUAC.

Household Utility Consumption Survey

The Department of Human Services has released its 2007 Victorian Utility Consumption Household Survey.

The report contains detailed information about energy and water consumption and affordability amongst Victorian concession and non-concession households. As in previous years the interviews were conducted in Melbourne, Ballarat, Bendigo, Geelong and Shepparton. A new component to the 2007 survey is the inclusion of rural locations to cover households using LPG due to lack of access to reticulated gas.

Key findings include:

- That average electricity consumption has increased by 7% since 2001 (which is a lot less than the 23% increase observed between 1996 and 2001). Households consume 5,533 kWh per annum on average while those depending on LPG instead of reticulated gas use the most electricity, 8,247 kWh on average.
- The average annual electricity bill in 2007 was \$973 (exc GST), which is an increase of 38% since the 2001 survey was conducted. This can be explained by electricity price increases, but another factor is that fewer households use off peak electricity and the growth in off peak consumption is a lot less than growth in peak consumption (-2% compared to 10%).
- Gas consumption has increased by 5.3% since 2001, the average annual consumption in 2007 being 59,415 MJ.
- The average annual gas bill in 2007 was \$700, an increase of \$200 over a six year period.
- Average annual water consumption declined by 22%, from 276 KL in 2001 to 216 KL in 2007.
- The average annual water bill in 2007 was \$516, 17% more than the average bill in 2001 (\$442).

The survey report contains information on energy and water consumption and expenditure, household appliances, conservation measures, council rates and expenditure, knowledge and take up of concessions and bill paying and households' expenditure priorities. The Final Report is available on the DHS Concessions website on: www.cyf.vic.gov.au/

Green Paper on emissions trading

CUAC's response to the Department of Climate Change's Carbon Pollution Reduction Scheme (CPRS) Green Paper focused on the cost impact on households from the CPRS and other energy market and policy developments.

To mitigate the impact of price increases on low-income households, and to avoid an increase in energy related financial hardship and disconnection cases, CUAC recommended that:

- the Government provides direct compensation to offset the price impacts of the CPRS for low and fixed income households in order to ensure ongoing access to supply
- the compensation modeling takes jurisdictional differences, such as the impact of coal fired generation on electricity prices, into account
- in order to minimise the risk of the CPRS causing an increase in households being disconnected, a robust consumer protection framework providing an effective safety-net must be in place
- protections currently provided by the Victorian Energy Retail Code should be available to every domestic energy customer nationally
- the Government ensures that all retailers have hardship policies and programs
- the Government should utilise network pricing principles to quarantine the first consumption block from additional costs passed through to consumers via the network tariff (such as smart meter costs) in order to lessen the price impact on low consumption / low income households
- that energy efficiency programs should complement compensation and consumer protection measures to provide medium to long term assistance for low income households

The Government will release its exposure draft of the legislative package (the White Paper) for public consultation in December.



Research centre knows which way the wind is blowing

Tosh Szatow
CUAC Policy Officer

The Federal Government has taken a positive step towards assisting Distributed Generation with the funding of a new centre to test small wind turbines in Western Australia.

Environment Minister Peter Garrett announced on 12 August that \$1.05 million of funding from the Renewable Remote Power Generation Program would be made available to the project.

The centre is to be based at Murdoch University. It will provide certification and training, and should be critical in building capacity in the small wind turbine industry in Australia.

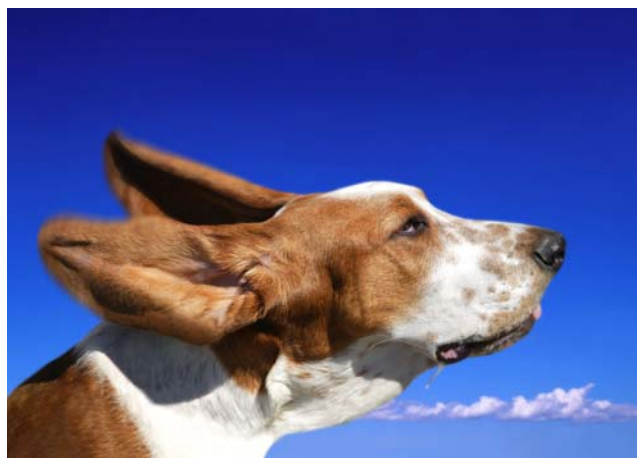
CUAC recently undertook original research into barriers to distributed generation (DG). The research was driven primarily by stories we heard from our rural and regional network which highlighted that many customers were experiencing real issues when attempting to connect DG to their local network. The research was timed to feed into national reform processes that are examining this issue.

Among the many issues we discovered was a common belief that a lack of industry capacity, skills and knowledge was holding DG back. Specifically, we found there is a real lack of technical skills and knowledge required to understand new DG technologies, how they work, how they impact on network performance, associated safety issues and so on.

We found that a lack of independent testing and data meant that any ambiguity about how DG technology may perform could be used by distribution businesses as a way to delay and ultimately impede DG connections. This lack of independent data meant that in many instances, DG proponents had to pay for and conduct their own testing without a guarantee that their findings would be accepted as legitimate.

Scaling up the wind turbine testing model, and expanding it to include all new and existing DG technologies could provide significant benefits to the DG industry in this country. Rural and regional consumers in particular stand to benefit most from DG.

If such a centre could actively engage with policy makers and regulators to ensure energy produced by DG is valued fairly and transparently, it could engage in technical details as part of dispute



resolution and it could build capacity within the industry to handle the demand for DG technologies as they become increasingly competitive with mains grid energy supply.

We believe such a comprehensive facility, able to test and certify a range of equipment, as well as build DG industry capacity is fundamental to ensure DG can meet its potential in improving Australia's energy supply quality, security and ultimately meet our emission reduction targets.

Beyond free market assumptions: addressing barriers to Distributed Generation is available on the CUAC website www.cuac.org.au.

Affordable energy and water: how you can have a say in utilities policy and regulation

If you work in the community sector and want to keep energy and water affordable and customers on supply, then this is an event you can't miss. This forum, initiated by CUAC (Domestic Issues) Reference Group, features facilitated panel discussions will get you up to date on all the latest issues affecting consumers and empower you to make a difference to policy and regulation outcomes.

Topics to be covered include:

- *National energy market reform*
- *Retail price deregulation*
- *The water price review*
- *Advanced Metering Infrastructure*
- *The Carbon Pollution Reduction Scheme*

The Community seminar will take place in late November, but if you would like to register your interest contact info@cuac.org.au.

Concessions Update

A new range of water concessions came into effect from 1 July.

The water and sewerage concession cap increased by 19.6 per cent and will continue to be reviewed annually in line with inflation. This concession provides a 50 per cent discount on water bills, up to the new limit of \$189.70, and will benefit an estimated 632,000 households.

An additional \$41.3 million was added to the program in the State budget.

The *Home Wise: Appliance and Infrastructure Grant*, formerly known as the Capital Grant Scheme, has now been expanded from 1 July to enable eligible customers to apply for one grant every five years, or two grants simultaneously every 10 years.

Under the old system, eligible customers could only receive one grant a lifetime.

The change will help low-income Victorians to upgrade faulty and inefficient essential appliances. In addition, households of five or more people, where the bill payer holds a concession card, will be able to apply for a grant to install ceiling insulation.

The Appliance and Infrastructure Grant will pay for the entire cost of replacing the appliance or installing insulation.

Further concessions will be expanded over the coming six months, as announced in the 08/09 budget, and new initiatives include the *WaterWise program* that will provide free water audits and retrofits to low-income households up to the value of \$500.

These programs were designed to help concession card-holders become more water and energy efficient.



CUAC farewells Kerry Connors

CUAC has said goodbye to Executive Officer Kerry Connors, who has left to take up the position of Executive Director on the Consumer Advocacy Panel in Sydney.



Kerry has been with CUAC since its inception in 2002 and has been a major force in creating the organisation that CUAC is today.

She will be sadly missed at CUAC and across the sector, but we wish her well in her new position. The CUAC Board is in the process of recruiting a new EO, and we will inform all Network members once the position is filled.

May Mauseth Johnston, CUAC's Senior Policy Officer, is currently Acting Executive Officer.

EWOV Community Info

EWOV have added community agency information for community agency workers on the EWOV website.

These pages contain information on:

- How can EWOV assist with complaints?
- Need help paying bills?
- Disconnection and restriction for debt
- The legal framework protecting consumers
- Government concessions and grants
- Moving in or moving out?
- Choosing an energy retailer
- Energy and water prices
- Using energy and water efficiently
- Housing issues and EWOV
- Water and drought
- Frequently asked questions
- EWOV's community outreach and policy work

To access these pages go to www.ewov.com.au

ESC Draft Decision on power outages from April storms

The Essential Services Commission has made a Draft Decision that some electricity customers should receive payments from electricity distributors for power outages resulting from severe storms in April this year.

Payments would be available for Victorian electricity customers who were off-supply due to the 2 April storms, through the Commission's guaranteed service level (GSL) scheme.

Under the scheme, customers are entitled to receive a credit on their electricity bill or a direct payment if they experience a cumulative supply interruption time for more than 20 hours in a year.

Distributors can apply for exemption from the scheme for certain extreme events.

The Commission's draft decision would mean that customers of Alinta AE, CitiPower, Powercor and SP AusNet will receive GSL payments if they were off-supply for more than 20 hours after 2 April.

Customers of United Energy will receive GSL payments if they were off-supply for more than 20 hours after 3 April.

In total, the five electricity distributors reported 655,000 sustained interruptions as a result of the storms, which in terms of supply interruptions were the most severe storms on record.

Electricity customers who were off-supply in the



days following the 2 April storms may be eligible through the GSL scheme to receive payments of \$100 (for more than 20 hours unplanned sustained interruptions), \$150 (more than 30 hours) or \$300 (more than 60 hours) if the Commission's draft decision is confirmed in a final decision.

Customers eligible for GSL payments usually receive them as a credit on their electricity bills in the next calendar year.

The draft decision is open for public consultation until Friday 19 September.

Details of the draft decision can be found at www.esc.vic.gov.au.

Review of Energy Market Frameworks

The Australian Energy Market Commission is conducting a Review of Energy Market Frameworks in light of Climate Change Policies.

In June the Ministerial Council on Energy asked the AEMC to undertake this Review. It will focus on assessing how the Australian Governments Carbon Pollution Reduction Scheme (CPRS) and expanded Renewable Energy Target may affect the existing energy market frameworks and to determine what, if any, amendments are needed to those frameworks as a result.



The Review will not comment on the climate change policy proposals.

A Stakeholder Advisory Committee has been established by the AEMC to provide views and input during the Review. CUAC, as a member of the National Consumer Roundtable on Energy, is the small customer representative on the Committee. There will be a number of stages during the review where written submission will be sought, beginning with the release of the Scoping Paper in September.

For more information about the review go to www.aemc.gov.au

Local utilities and consumer news



Mildura

The Victorian Government has moved to appoint Lower Murray Water (LMW) to take over First Mildura Irrigation Trust (FMIT).

After the determination is made, FMIT's 1600 customers will become customers of LMW and staff will be employed by LMW.

La Trobe

Latrobe City Council received a State government grant to install drainage and irrigation at the Jack Canavan Ovals, and to reseed the turf with drought tolerant couch grass.

This new turf will be warm season grass, which is low-maintenance, drought-tolerant and able to withstand more wear and tear.

This project will benefit players from the Traralgon District Junior Football League, the Traralgon Touch Football Association, the West End and East Coast Tigers cricket clubs, the Traralgon Harriers and two local schools.

Loddon Shire

A \$133,333 grant from the State Government *Small Towns Development Fund* will help supply water to the Inglewood Recreation Reserve.

Storm water will be piped from the Inglewood Reservoir, allowing the community to make better use of sporting facilities.

The reserve is home to a swimming pool, sporting field and playground and is used by the community for football, cricket, tennis, netball and horse riding. This project will mean the reserve will no longer need about 10 megalitres of potable water each year.

Macedon Shire

The Macedon Ranges community has received a \$40,000 State government grant for sustainable synthetic greens at Tony Clarke Recreation Reserve, the home of Macedon Ranges Bowling Club.

This project will ensure that the Macedon Bowling Club greens are low-maintenance as well as drought-resistant and able to withstand more wear and tear.

The bowling club would benefit from a laser-levelled base on which the synthetic surface will be laid, with other improvements to include the replacement of the perimeter of the green and installation of a new drainage system.

The grant is part of the State government's \$12.9 million *Drought Relief for Community Sport and Recreation Program*.

Wodonga

A \$900,000 Sustainable Sports Ground project at Wodonga Racecourse will save 90 million litres of drinking water each year by using stormwater on the Ground.

The project will capture stormwater from Wodonga Racecourse and run off from nearby roads and White Box Rise Estate.

The project will enable junior footballers, school sports players and athletes to use the facilities year round.

The stormwater is then filtered through wetlands before being used to irrigate sportsgrounds.

The project received \$250,000 from the Brumby Government's *Stormwater and Urban Water Conservation Fund*, an *Our Water Our Future* initiative.

Tungamah

The \$782,500 Tungamah Weir Project will provide a recreational and wildlife facility for the local community.

Following the completion of the Tungamah Pipeline Project last year, which replaced the inefficient stock and domestic system, there was no practical need for the Tungamah Weir.

After extensive consultation between the Moira Shire Council, Goulburn Broken Catchment Management Authority, Goulburn-Murray Water, Tungamah Fishing Club, other key stakeholders and community members it was decided to upgrade the Weir and retain it as a community asset.

The district's major sports facility, Tungamah's Jubilee Park, can now be open all year round with a secure supply of water.



A small group CAN make a big difference (with a little help from CUAC....)

For a group that was only formed a couple of years ago, the Gippsland Resource Group already has some significant runs on the board.

Incorporated in 2007, the Group consists of local Gippsland residents concerned about the way the resources of the area are being exploited, often with no clear benefit to local residents.

With the help of a CUAC Executive Officer Grant, the group has helped improved the outcome for Gippsland residents in recent decision by the Essential Services Commission.

The group members come from Traralgon, Morwell, Moe, and Warragul and pretty much 'have the La Trobe Valley covered', said Merv Geddes, President of the Group.

'We are all friends,' said Mr. Geddes. 'We have a research scientist, professional researcher, a union organizer, an accountant, tradespeople, professionals, a housewife, a businesswoman. The more people we got together, the more we realized how important the issues were.'

Mr. Geddes became aware of CUAC research which showed the plan put forward by Gippsland Water to the ESC Water Price Review 2008-2012 would increase prices to local residents by 100% over five years¹. He contacted CUAC to discuss his concerns and was encouraged to apply for a grant to respond to the ESC Draft Decision.

The grant of \$4,982 gave the group the resources to consult with the community, conduct research, and put in a detailed response.

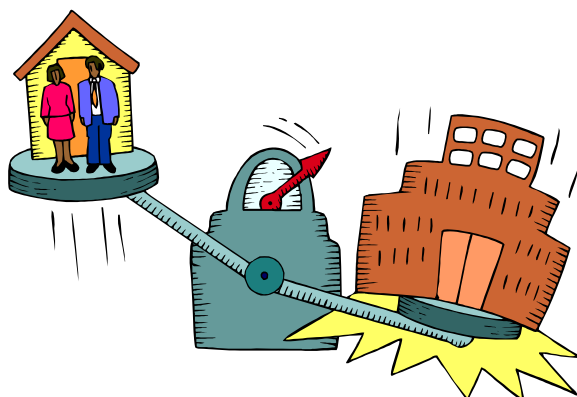
There were also some unexpected benefits from receiving the grant - for example, it made the front page of the local paper, which provided extra coverage of the issue and the organisation.

'We got a lot of feedback, and spoke to a lot of community groups,' said Mr. Geddes.

They researched such issues as unemployment rates, average wages, and numbers of carer numbers and pensioners, to support their arguments.

The response the group submitted to the ESC covered concerns about the Gippsland Water Factory and the Loch Sport Sewerage Project, and raised issues of the 'cross-subsidisation' of water prices from residents to large businesses in the area. Generally, it argued that 'the focus seems to be on the price to be paid for water rather than the capacity for an area such as Gippsland to pay an increase.'²

Following their submission, the group was con-



tacted by representatives of the ESC and were able to discuss their concerns directly.

In the ESC's final decision, tariffs increases were reduced from 100% increase over five years to a 71.4% increase, a huge saving for the area.

Overall, Mr. Geddes was pleased with the outcome.

'We established a good rapport with local politicians and the council, and contacts with community organisations,' he said.

This mutual respect will stand them in good stead for future issues.

The group gives credit to the CUAC grant for helping them put in a good quality response.

'It was a small amount, but it allowed us to expand on what we hoped to accomplish,' said Mr. Geddes.

In general, grants are designed to help people or groups conduct research on consumer utility issues, and to support projects that allow consumers to participate in the utilities marketplace. Executive Officer Grants are capped at \$8,000.

Projects are assessed according to set criteria which include that they add value to the ability of Victorian utility consumers to influence the policy and regulatory debate; that they are well managed and financially viable; and that they address areas of shortcomings of knowledge or expertise among consumers in the debate.

For more details, please see the CUAC website, www.cuac.org.au.

1. Analysis of Regional Water Companies water plans 2008/9 to 2012/13 by RMCG consultants, www.cuac.org.au
2. Gippsland Resources Group response to ESC Water Price Review 2002-12, www.esc.vic.gov.au

Improving energy supplies to your community



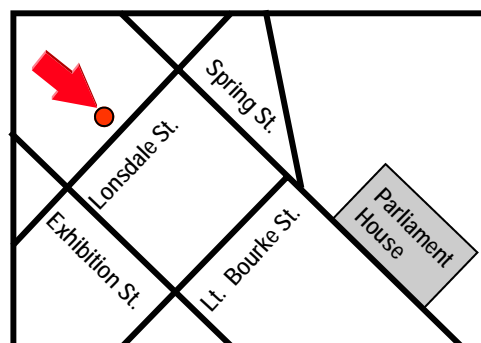
The Consumer Utilities Advocacy Centre (CUAC), Regional Development Victoria, Sustainability Victoria and the Victorian Local Governance Association are holding a forum to examine ways to improve energy supplies in rural and regional areas.

Topics include:

- **What is the potential of non-mainstream energy supplies, e.g. solar, biomass, wind, LPG?**
- **What (non-technology specific) issues need to be considered, e.g. demand-forecasting, risk management, financing, data collection?**
- **What are the benefits, costs, risks and impediments for communities setting up alternative energy schemes?**
- **How can communities create a Business Case for securing better energy supplies?**

The Forum will be opened by
the Hon. Jacinta Allan, MP,
Minister for Regional and Rural Development

Date: Tuesday 14 October, 2008
Time: 8.45am – 4.45pm
Venue: Sustainability Victoria Urban Workshop
Level 28, 50 Lonsdale Street, Melbourne



**For more information contact James Henshall at CUAC on 1300 656 767.
To RSVP email kerry.munnery@cuac.org.au; or by fax (03) 9639 8966;
or phone 1300 656 767, before Tuesday 7 October
(Places limited, allocated on 'first in' basis)**



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