ON THE WIRE

July 2012, edition 32.

In our last edition, we reported on the announcement that the Australian Competition and Consumer Commission was taking legal action against three energy retailers and marketing companies about their door-to-door selling practices. Consumer Action, as part of its Do Not Knock campaign, has now launched a petition calling on energy retailers to voluntarily cease door-to-door marketing.

The petition notes recent consumer research found:

- Only 3% of people like any kind of door to door selling;
- Less than 1 per cent of people prefer unsolicited door-to-door sales approaches as the way to receive information or advice from an energy company; and
- A majority of consumers prefer to get information about energy offers in writing so that they can consider them, and at a time that suits them.

The petition follows the lead of the UK advocacy group Consumer Focus, which in 2011 obtained an agreement for a moratorium on door-to-door selling by 5 of the so-called 'Big 6' energy retailers.

Consumer Action believes that door-to-door sales is problematic not only for individual consumers but also for the competitive market. By their very nature, door-to-door sales involve high pressure sales techniques. There is an outright ban on door to-door sales of financial products and services and a ban on door-to-door selling of consumer credit. This is proscriptive regulation, which recognises that, faced with a salesperson on their doorstep, people infrequently make rational, welfare maximising decisions, especially vulnerable consumers with limited contractual experience.

Unlike energy retailers which trumpet high levels of switching, it is our view that a market which relies upon such marketing techniques will rarely demonstrate effective competition. This is because many consumer decisions in such a high-pressure sales context will not be rational, welfare maximising decisions, which give marketers appropriate signals about the types of products and services desired by consumers.

Should you want to express your support for the petition, visit www.donotknock.org.au or http://www.change.org/donotknock.

We welcome feedback on the information provided in *On the Wire*. Further, we encourage you to forward the newsletter throughout your networks. Production of *On the Wire* is funded by the Consumer Advocacy Panel. To subscribe to *On the Wire*, please email info@consumeraction.org.au with the words "Subscribe to On the Wire" in the subject line. The next edition of *On the Wire* is scheduled for release at the end of September 2012.

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1. Regulatory developments

1.1 National Energy Customer Framework

The National Energy Customer Framework (NECF) commenced formally on 1 July 2012, but only in the Australian Capital Territory and Tasmania.

The Standing Council on Energy & Resources (SCER), in its meeting communiqué of 8 June 2012, states that other jurisdictions (except Queensland which has yet to consider the matter) remain committed to maintaining the NECF package as originally agreed and introducing it as soon as practical. Western Australia and Northern Territory are not adopting the NECF as separate energy industry frameworks apply in these jurisdictions.

Despite this announcement, the New South Wales Government has indicated that it will defer applying the NECF until 2014, while Victoria has indicated that it has deferred applying the NECF 'to ensure there is no reduction in key protections for Victorian consumers'. The relevant law applying the NECF in South Australia has not yet passed that state's parliament.

Many consumer advocates are likely to be disappointed by these delays because, at least in some jurisdictions, the NECF represents a significant improvement in consumer protection. The process for establishing NECF has taken many years, and involved significant consultation with consumers and industry.

It should be noted that to enable the NECF to come into operation, initial National Energy Retail Rules (NERR) have been made by the South Australian Minister for Resources and Energy. This means that from 1 July 2012, the Australian Energy Market Commission (AEMC) has responsibility for administering the NERR, and stakeholders (including consumer groups) have the opportunity to propose changes to the NERR through AEMC processes.

SCER's bulletin #2 provides more information and can be found here.

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1.2 Standing Council on Energy & Resources—update

SCER met in Darwin on 8 December 2012 and, in addition to the announcements regarding the NECF, announced the following through its communiqué:

- due to significant developments in gas markets, including coal seam gas and a liquefied natural gas export market, Ministers agreed to develop a policy and implementation strategy focusing on two core principles: (1) ensuring that supply can respond flexibly to market conditions; and (2) promoting market development.
- Ministers endorsed a demand side participation (DSP) work plan that provides a framework which SCER can use to guide its demand side work, judge the effectiveness of current activities and assess proposals for new activities.

- Ministers agreed to directions statement on smart meters for small customers, setting out the direction for work to support the continued deployment of smart metering where justified. The statement proposes consideration of deployment models other than mandated rollouts (Victoria has a mandated rollout), that is, commercial and consumer-led deployments which may be possible.
- Ministers are seeking the preparation of advice in consultation with stakeholders, on options to achieve a consistent framework for determining 'fair and reasonable' Feed-in-Tariffs.

The full communiqué can be found here.

1.3 Review of Limited Merits Review

On 22 March 2012, SCER announced that an expert panel consisting of Professor George Yarrow as chair, Dr John Tamblyn and the Hon. Michael Egan had been established to undertake a review of the limited merits review regime.

A limited merits review regime was introduced into the National Electricity Law (NEL) on 1 January 2008 and the National Gas Law on 1 July 2008. The purpose of the regime was to provide parties affected by the decisions of the energy regulator—primarily transmission and distribution network businesses—with appropriate recourse to a review mechanism.

In establishing the limited merits review regime SCER's predecessor the Ministerial Council on Energy (MCE) agreed that a review of the effectiveness of the regime would be required. The review was to be undertaken within the first seven years of the commencement of the relevant merits review provisions, but was brought forward to 2012. The intention of the review was to assess how the merits review regime had operated since its commencement.

Consumer Action and Consumer Utilities Advocacy Centre, in a report on the centres' experience attempting to intervene in merits review proceedings of the Victorian electricity distribution businesses, have called for the regime to be abandoned. The consumer groups' experience of the review process was one where the distributors get to plead their case without any scrutiny or voices of dissent. While consumer groups have a theoretical right to be there, they lack of access to information, resources and technical expertise meaning that, in practice, that right cannot be exercised.

The review panel has been busy, and has produced two consultation papers, as well as an interim and final stage one report. Submissions from consumer advocates have included:
- Consumer Action Law Centre—initial and supplementary
- Consumer Utilities Advocacy Centre—initial and supplementary
- Total Environment Centre

In its final stage one report, the review panel have made clear its view that the performance of the limited merits review regime has not been satisfactory. It identifies a number of weaknesses with the regime, including that:
- the arrangements have not ensured that all stakeholders' interests have been adequately taken into account. Specifically, the long term interests of consumers have typically not been explicitly considered when review decisions have been made.
- consumer bodies and network user associations (with justification) feel excluded from the appeals process, including, but not exclusively, for cost reasons.
- the regime lacks legitimacy with important stakeholder groups: trust and confidence in the Australian Energy Regulator (AER) and the Australian Competition Tribunal has not been established, and the AER itself does not appear to have any great confidence in the regime as currently constituted.

On the basis of these and other points, the Panel "has no hesitation in concluding that there has been considerable divergence between outcomes and the policy intentions that motivated the development of the LMR regime".

Stage two of the review will present recommendations to SCER on whether amendments are required to better deliver against the objective of the review mechanism. Stage two is to be completed by 30 September 2012.

More information about the review can be found here.

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1.4 Productivity Commission Inquiry into Electricity Network Regulation

The Productivity Commission has begun a public inquiry into Electricity Network Regulation, demonstrating ongoing concerns with the contribution of network costs to energy prices. The terms of reference for the inquiry notes:

Recent increases in network expenditure, and the resultant flow on to increases in electricity prices for end users, have highlighted the need to ensure networks continue to deliver efficient outcomes for consumers. Network regulation is a complex task requiring difficult and technical judgements. This inquiry will inform the Australian Government about whether there are any practical or empirical constraints on the use of benchmarking of network businesses and then provide advice on how benchmarking could deliver efficient outcomes, consistent with the National Electricity Objective (NEO). In addition, a second stream of this inquiry will examine if efficient levels of transmission interconnectors are being delivered, to inform the Australian Government about whether the regulatory regime is delivering efficient levels of interconnection to support the market.

A number of consumer groups have made submissions to the inquiry, including:

- Consumer Action Law Centre
- Credit Commercial & Consumer Law Program (CCCL), Queensland University of Technology
- Public Interest Advocacy Centre
- Total Environment Centre

Several of the submissions noted the impact of network pricing on households, and that there is a need to develop valid and reliable benchmarks that can drive efficiency and other performance improvements.

The Commission will release a draft report in September/October 2012, and a final report is due to Government by 9 April 2013. More information about the inquiry can be found here.

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1.4 Australian Energy Regulator (AER)

Launch of Energy Made Easy website
On Sunday 1 July 2012, the AER launched Energy Made Easy, its new website for energy consumers. Energy Made Easy is one of a number of measures introduced by the new National Energy Retail Law designed to help small energy customers understand and make more informed choices about energy.

Small energy customers nationally can visit Energy Made Easy:

- Energy Made Easy has simple and easy-to-read information about a range of topical energy issues including energy efficiency, energy contracts and bills, and consumer rights.

- Residential electricity customers in all Australian states and territories can use the electricity usage feature to check the average amount of electricity used by similar-sized households in their area.
- Small energy customers in states and territories that have commenced the National Energy Retail Law can use the energy price comparison feature of Energy Made Easy to compare all of the generally available electricity and/or gas offers in their area. From 1 July 2012, this feature will be available to residential and small business gas and electricity customers in the Australian Capital Territory and contestable small business electricity customers in Tasmania.

Visit Energy Made Easy here.

Network pricing determinations

- The AER has issued its final determination on Aurora Energy's (Tasmania's distribution business) revised regulatory proposal for 1 July 2012 to 30 June 2017. The AER has set revenues of $1.4 billion over 5 years, $200 million less than Aurora's revised proposal. Overall, the AER's determination will result in an increase in distribution network charges from 1 July of 6.2 per cent. Network charges will be steady over the remaining years. More information can be found here.
- On 31 May 2012, ElectraNet, South Australia's electricity transmission business, submitted its regulatory proposal, proposed negotiating framework and proposed pricing methodology to the AER. Interested parties are invited to provide written submissions on ElectraNet's revenue proposal by Friday 17 August 2012. More information can be found here.

The AER is now publishing a regular newsletter; the first edition can be found here. For more information on what the AER is up to, click here.

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1.5 Australian Energy Market Commission

Reviews

Review of Distribution Reliability Outcomes and Standards

On 30 August 2011, SCER directed the AEMC to undertake a review of distribution reliability outcomes and standards. The review has two separate workstreams:

- a review of the distribution reliability outcomes in NSW; and
- a review of the frameworks across the NEM for expressing, delivering and reporting on distribution reliability outcomes.

The national workstream

Distribution reliability outcomes are currently set separately for each NEM jurisdiction by jurisdictional regulators, relevant government bodies or individual distribution businesses, and different approaches are used between jurisdictions.

The national workstream addresses the SCER's request to consider if there is merit in developing a nationally consistent framework for expressing, delivering, and reporting on distribution reliability outcomes.

On 28 June 2012, AEMC published an issues paper for public consultation on the national workstream of the review of distribution reliability outcomes and standards. The current approach adopted in each NEM jurisdiction for the achievement of distribution reliability outcomes is explored and discussed in the issues paper along with a proposed assessment framework for deciding whether there would be merit in developing a nationally consistent framework.

Submissions on the issues paper close on 9 August 2012. The AEMC will publish a draft report on the merits of moving to a nationally consistent framework for expressing, delivering and reporting on distribution reliability outcomes in November 2012.

NSW workstream

On 8 June 2012, the AEMC published its draft report for public consultation on the NSW workstream of the Review of distribution reliability outcomes and standards.

The draft report sets out our draft advice on the trade offs between distribution investment and reliability performance for four scenarios for the future level of reliability that could be provided by electricity distribution networks in NSW. Three scenarios provide for lower levels of distribution reliability, and one scenario provides for improved levels of distribution reliability.

The analysis suggests there are benefits to NSW consumers from reducing the level of distribution reliability in NSW. This is because the cost savings from reducing reliability are larger than the costs to customers of poorer reliability performance, compared to the continuation of the current requirements for distribution reliability. In other words, a relatively small reduction in reliability can lead to a large reduction in the investment required by electricity distribution networks.

The analysis is been based on:

- a survey of 1,288 NSW electricity customers to understand the value placed on a reliable electricity supply by different customer types. The results from this survey have been used to assess the impact of changes in reliability on customers under each of our four scenarios for the future level of distribution reliability in NSW; and
- modelling undertaken by each of the NSW electricity distribution businesses on the likely impact of each scenario on their investment and reliability performance over a fifteen year timeframe. This modelling has been used to understand the change in distribution investment and power outages that may occur under each scenario.

The customer survey results and modelling by the NSW electricity distribution businesses have been used to compare the costs and benefits of each scenario.

More information can be found here.

Rule change proposals

Connecting embedded generators

On 14 June 2012, the AEMC initiated the rule change process on a rule change request proposed by ClimateWorks Australia, Seed Advisory and the Property Council of Australia (the proponents). The rule change request seeks to make a more timely, clearer and less expensive process for connecting embedded generators to distribution networks. A consultation paper has been published to facilitate the first round of consultation. Submissions on the first round of consultation close on 9 August 2012. More information can be found here.

Small generation aggregator framework

The AEMC has published a draft rule determination and a draft rule on the proposed introduction of a Small Generation Aggregator framework. The purpose of this rule change is to reduce the barriers faced by small generators when entering the National Electricity Market. The AEMC welcomes submissions on the draft rule and determination by 16 August 2012. More information can be found here.

Potential generator market power

On 7 June 2012, the AEMC published a draft determination on the Major Energy User's (MEU) rule change request regarding the potential exercise of market power by generators in the NEM. The MEU considers that during periods of high demand, some large generators have the ability and incentive to exercise market power to increase the wholesale electricity spot price. The draft determination proposes to make no rule in respect of the rule change request. In support of the draft determination, the AEMC has published a report from NERA Economic Consulting that provides an analysis of NEM wholesale prices against estimates of long run marginal cost, and a report from the Competition Economists Group that provides an assessment of barriers to entry in NEM jurisdictions. Submissions on the draft determination close on 20 July 2012. More information can be found here.

Distribution network planning and expansion framework
On 14 June 2012, the AEMC published a draft rule determination and draft rule for the distribution network planning and expansion framework rule change request. The draft rule is largely reflective of, and consistent with, the rule proposed by the Ministerial Council on Energy (MCE). However, the draft rule incorporates several policy modifications and a number of amendments to improve and clarify the application and operation of the new national framework for electricity distribution network planning and expansion. The key components of the draft rule are as follows:

- a distribution annual planning review;
- a distribution annual planning report (DAPR);
- demand side engagement obligations on distribution businesses;
- joint planning arrangements;
- the regulatory investment test for transmission (RIT-D); and
- a dispute resolution process for the RIT-D.

The draft rule also makes several consequential amendments to the existing RIT-T rules as well as changes to the structure of Chapter 5 of the National Electricity Rules (NER). More information can be found here.

More rule change proposals can be found here.

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2. Consumer advocacy

On the Wire welcomes contributions from consumer and community organisations. If you would like to submit an article for the next edition of *On the Wire*, please contact us at info@consumeraction.org.au with "On the Wire" in the subject line.

The following articles are produced by organisations other than Consumer Action Law Centre and do not necessarily represent the views of Consumer Action.

2.1 *Gas Wholesale Markets and retail competition in NSW and Victoria, Bev Hughson and May Mauseth Johnston*

Alviss Consulting Pty Ltd and Darach Energy Services have produced a research report analysing gas competition models and consumer benefits. As the analysis of current gas wholesale and retail market arrangements presented in the report aims to enhance the understanding of, and advocacy in, gas markets, the support and involvement of Gavin Dufty at St Vincent de Paul Society Victoria and Carolyn Hodge at Public Interest Advocacy Centre in NSW, is a key component of this project.

The project's broad objective was to identify potential barriers to competition and resulting consumer benefits in the Victorian and NSW gas markets. Effective retail competition and consumer benefit depend on both wholesale market arrangements and retail market arrangements, as well as the successful interplay between these two market components.

Gas wholesale market design is significantly different to that of the electricity market. In electricity, retailers can simply purchase electricity from the spot-market along with a suite of financial hedging products from third parties (including generators), and sell to end-users. Gas markets, on the other hand, are based on a net balancing settlement approach. As such, gas retailers generally seek to manage their risks by both injecting gas into the hub and withdrawing gas from the hub. That is, gas retailers purchase gas from a producer and sell gas to consumers via the market hub. The market settlement system is designed to provide an incentive for retailers to maintain a balance between their injections and withdrawals.

While injecting gas into the hub is not a requirement, a gas retailer is unlikely to last in a gas market unless it does so. Without a physical hedge (i.e. injection of gas into the system), a gas retailer will be exposed to spot price volatility and to various market charges that can be—and have been—well in excess of any retail margin.

The selection of the NSW and Victorian gas markets for analysis reflects not only the fact that these are the two larger states in terms of gas market customers but that they are also representative of two very different levels of market maturity and gas wholesale market structures. In Victoria there is a declared wholesale gas market (DWGM) and in the other states there are Short Term Trading Markets (STTMs) based around the Sydney, Brisbane and Adelaide hubs.

A key difference between the DWGM and the STTM arrangements is that the DWGM is based on a market carriage model while the STTM is a contract carriage model.

Under the Victorian market carriage model the principal transmission system comprises pipelines subject to 'heavy coverage' by the Australian Energy Regulator (AER). Furthermore, the Australian Energy Market Operator (AEMO) operates the wholesale spot market and is therefore responsible for allocating capacity on the transmission pipelines, scheduling gas supply (injections) on the transmission pipelines sufficient to meet demand, and directly managing prudential requirements and supply emergencies.

Under a contract carriage model, on the other hand, gas shippers (including retailers who are also shippers), must contract directly with the pipeline owners for capacity on the transmission pipelines and this contractual process occurs outside the gas wholesale market (the STTM). From a retailer perspective, the contractual relationships with pipeline operators in the STTM brings another layer of complexity that must be overcome in order to sell gas in the STTM. AEMO does not have knowledge of the commercial terms of the shippers' contracts on a pipeline (other than each shippers maximum daily capacity).

AEMO has as such no involvement in how the different market components are operated nor is it responsible for system security. Rather, AEMO's role in the STTM is to assist the operators and market participants by providing a commercial framework to price imbalances between supply and demand, and allocate imbalance penalties.

Evidence presented in this report shows that non-incumbent gas retailers in Victoria and NSW are generally not able to compete with incumbent retailers on price. The report indicates that the difficulties facing non-incumbent gas retailers in the gas wholesale market, including gas and transmission contract costs and wholesale market risk exposures, may be important limitations on their ability to compete effectively in the retail market.

Furthermore, 2nd tier gas retailers typically offer gas contracts only in conjunction with the take up of an electricity contract. Conversely, non-incumbent electricity retailers are offering households very competitively priced electricity contracts (especially in Victoria).

It is difficult to predict how residential gas prices will develop in the near future. The Clean Energy Future policy is likely to increase demand for gas fired electricity generation and LNG export will in all likelihood create further upwards price pressures. There is of course a possibility that residential consumers find themselves priced out of the gas market in the future.

At the same time, depending on how electricity prices (as well as tariff types) develop, gas might be an important fuel of choice for many households.

As there are so many factors that may impact on future gas prices it is still imperative that the interrelationship between wholesale and retail market arrangements continues to be analysed and understood, that new market designs (such as supply-hubs) are explored, and that regulatory arrangements are optimised.

This project was funded through a research grant from the Consumer Advocacy Panel.

The Report will be available at St Vincent de Paul Society and Public Interest Centre's websites from mid-July. Alternatively, email may@alvissconsulting.net if you wish to receive an electronic copy upon its release.

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2.2 *Experiences of energy consumption for Culturally and Linguistically Diverse (CALD) communities, Helen Scott, Ethnic Communities' Council of NSW*

Background

The Ethnic Communities Council (ECC) is the peak body for all culturally and linguistically diverse (CALD) communities in NSW. Its main activities are advocacy, education and community development. The ECC employs a pool of bilingual educators to work with CALD communities on a range of environment issues. The educators became aware of concerns around energy consumption among the groups with whom they worked. The ECC was interested to investigate the experiences of energy consumption of CALD communities, both householders and small business owners, as there had been little previous research into these communities' views.

The topics investigated were: types of energy used; choice of energy retailer and changes made; appliance types and energy use; paying for energy; reliability of supply; making energy savings and knowledge of the carbon price.

Householder survey

To understand the experiences of, and concerns about, energy consumption of CALD householders, the research surveyed 78 people with an additional 31 taking part in focus groups.

Householders surveyed came from groups who arrived in Australia in three distinct post war periods:

- the 1940s and 1950s (Greeks and Italians);
- the 1970s and 1980s: (Vietnamese, Thai, Chinese (Cantonese) and Spanish speakers from Latin America);
- newly arrived migrants and refugees: Sudanese (Arabic speakers), Chinese (Mandarin speakers), Tamil and Hazara (Afghan)

The research sought to investigate if there were any noteworthy differences between the groups based on length of time in Australia and if there were common responses across the groups.

Overall the groups who arrived in the 1970s and 1980s were the most knowledgeable about aspects of energy supply, energy use and conservation. They were the most likely of the three groups to take action at home to reduce energy use; had a better understanding of the energy use of appliances than the other groups and could name a number of actions they took to conserve energy; wanted to save money but some also mentioned environmental considerations.

Counter to an assumption that the longer migrants have been in Australia the more familiar they are likely to be with information in a range of areas, the older Greeks and Italians surveyed were less likely than the other groups to be aware of various aspects of energy use and conservation.

Of the newly arrived migrants and refugees who have been in Australia an average of eight years, three quarters had been contacted by an energy retailer to change retailer. About half changed because they thought it would save money. Of those who didn't, said they didn't trust the companies or didn't think it would make any difference. When this group took action to reduce their energy use, it was to save money.

Most of the newly arrived migrants and refugees prefer to pay their energy bills at the post office. This was also the preferred method of payment across all the groups surveyed.

Small business survey

Thirty small businesses took part in the research conducted between November 2011 and February 2012. Four types of ethno-specific businesses were surveyed: Asian restaurants, Vietnamese hot bread shops, kebab shops run by Arabic speaking owners, and small groceries run by Tamil and Afghan owners.

CALD small businesses:

- are concerned about the impact of rising energy prices on their businesses. About half of the businesses had been visited by a retailer and the majority of these decided not to change. Most didn't think the answer to rising energy costs was to change retailer
- are not being provided with information about how they can reduce their energy use. Some owners don't think there is much scope in their business to reduce their energy consumption.

Some businesses reported taking energy saving actions, typically the obvious things that made sense: turning off unused lights and appliances; regular checks of temperatures and seals on freezers and refrigerators; educating staff.

Businesses taking actions to save energy were doing it to save money, although they had to weigh up considerations of customer comfort and maintaining their products in good condition in a competitive business field.

Recommendations

The report makes a number of recommendations to guide the ECC in its advocacy and education work. These include:

- All respondents in the household survey preferred to receive information about energy costs and savings in their first language. Develop information material in the major community languages as well as the languages of the new and emerging communities;
- Use the post office as an outlet to disseminate information to CALD householders in community languages about any new technologies (smart meters),the financial help option and other information about energy consumption and conservation.
- CALD small businesses need assistance to understand the different types of contracts and their implications. This information needs to be in community languages and developed as part of an energy information package for businesses.
- CALD small businesses need assistance to understand their businesses' energy use and how they can reduce or conserve energy. This can be done through individual business energy audits and /or through information sessions delivered in community languages.
- Recruit and train bilingual educators in the languages of the new and emerging communities to deliver information sessions on energy markets and conservation, demand side participation and hardship assistance.
- The impact of the carbon price on CALD households and small businesses is not well understood. Further information and clarification about how it will affect these

consumers should be included in broader energy information sessions for CALD householders and small businesses.

This research project was coordinated by Helen Scott of the Ethnic Communities Council of NSW. Research by Susan Cunningham and Elizabeth Schaffer.

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The ECC NSW gratefully acknowledges project funding from the Consumer Advocacy Panel

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2.3 Carbon Pricing and Energy Bills, Mark Henley, Uniting Communities

With carbon pricing commencing in Australia on 1 July this year, most state energy regulators have been required to make decisions on pass throughs for carbon pricing on standing contract prices, these are the decisions that have most bearing on consumer bills.

The following is a brief summary of recent pricing decisions, with particular reference to carbon price impacts on residential electricity bills. Direct comparisons across jurisdictions are somewhat fraught due to the considerable differences between energy markets across the NEM; different consumption patterns, different fuel mixes for generation and different network arrangements all contribute to variations across markets. Regulators also report differently too.

In Queensland, Tariff 11 covers residential lighting, power and continuous water heating. The tariff gazetted on 29 June was for an 'all consumption' tariff of 23.071 cents per kwh, which includes a carbon price of 2.4c kwh, just over 10% price increase due to carbon pricing. Carbon cost components of bills increase with consumption with the Queensland Competition Authority (QCA) stating that the carbon price increase on previous bills for 1Mwh annual consumption was 7.9%, while for a household with 5.3Mwh annual use, the carbon cost impact is for a 10.6% increase. The carbon price component of tariff 33 (off peak) is 2.5c kwh in a tariff of 15.595 c kwh 'all consumption' rate, which is about a 16% increase for this off peak tariff.

In NSW, the regulator, IPART, has announced price increases for each of the 3 distribution districts, with a NSW average increase of 18.1% with carbon price increases accounting for an increase, state wide of 8.9% on average. The total increase and carbon price increase for the 3 distribution districts are: Energy Australia (20.6; 9.4), Integral Energy (11.8; 9.4) and Country Energy (19.7; 7.9).

For South Australia, the regulator, ESCoSA, has announced an 18% increase in standing contract prices, with the carbon price pass through being 4.6% of the increase. This amounts to an annual increase in the electricity bill, for a 5Mwh per year customer, of $275, of which $70 is the carbon cost increase.

Victoria does not have regulated standing contracts, with each licensed retailer being required to publish a standing (or default) contract prices. This means that there is no breakdown in cost increases that enables ready comparison with regulator statements in other jurisdictions.

Looking at TRU, AGL and Origin, it seems that all have increased supply charges by about 1.5% from 1st July. TRU peak rate prices increase is about 11% and off peak increase average is about 15%, within a 3 to 4 cent range. Similarly, AGL's peak rate increases by about 18% and off peak 25% within a range for off peak of about 8 cents. Origin's increase is 14% across all tariffs. There are no clear statements about precise impact of carbon pricing, but TRU is reported as saying that all but 1.5% of their increase (of say about 13 - 14% in all) is due to carbon pricing. So guessing at carbon price impact on Victorian Households suggests a carbon price impact of about an 11 – 14% increase across the state, (This is a rough estimate at this stage) with a carbon price impact likely to be in the range $150 - $200, for electricity, for each household

So a rough guide to carbon price impacts across these 4 jurisdictions suggests the following carbon price increases as a percentage of total electricity bill, from 1st July 2012.

State	Queensland	NSW	SA	Victoria*
Carbon price as percentage of total electricity bill increase, 1/7/2012	10	8.9	4.6	11 - 14

*no regulated standing contract price

The South Australian carbon price pass through is lower than other jurisdictions due to lower carbon intensity in fuel mix, with gas and wind being the two largest 'fuel' sources for generation. A significant element of the SA pricing increase was to include solar PV feed in tariffs.

Annual household price increases for electricity only and 'modest' use of about 5Mwh per year, are mainly in the range of $200 to $300 per year, with carbon pricing impacts in the range of about $70 - $200 per year.

I'm hoping that this brief summary of carbon price impacts prompts further discussion and debate about impacts on households and response to both rising energy prices and to carbon impacts.

Please send any comments and corrections to Mark Henley, Uniting Care Australia, to: markh@unitingcommunities.org. Thanks to colleagues who assisted in providing data.