



Council of Social Service of New South Wales

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25 May 2015

The Director
Select Committee into the Leasing of Electricity Infrastructure
Legislative Council, NSW Parliament House
Macquarie Street
Sydney NSW 2000
Email: electricityleasing@parliament.nsw.gov.au

Dear Sir/Madam

I write to provide further information following my appearance before the Legislative Council's *Inquiry into the Leasing of Electricity Infrastructure* on Monday 18 May 2015.

Advisory Group to the Price Commissioner

The Select Committee requested some specific information about who should take part in an advisory group set up to work with the Price Commissioner. The group should include experienced energy consumer advocates. NCOSS believes it can make a significant contribution to this group. Our six month focussed study of the proposed lease of electricity infrastructure and past electricity privatisation processes to produce the Consumer Power Report places us in a unique position to make a positive impact.

NCOSS also recommends that a representative from the Public Interest Advocacy Centre's Energy and Water Consumers' Advocacy Program (EWCAP) be invited to join the Advisory Group given their long experience in representing residential energy consumers' interests in NSW. There may also be a need to invite representatives of larger energy users. A key representative organisation that is active in this space is the Energy Users Association of Australia.

Knowledge of the regulatory frameworks is of key importance in assessing whether the safeguards proposed as augmentations to the lease can be delivered and enforced under current structures. Regulatory knowledge will also assist the lease to be developed to avoid unintended consequences and opportunities to pass on costs in future regulatory determinations. To this end, NCOSS recommends that the federal regulator, the Australian Energy Regulator (AER), should be represented on this group. NCOSS also sees a role for the Independent Pricing and Regulatory Tribunal (IPART) — the body that administers electricity network licenses on behalf of the NSW Minister for Energy.

A representative from Networks NSW would have practical insights into the effect of any change to current structures and the potential for any issues to arise.

NCOSS also believes that the group could benefit from expertise in financial transactions and governance structures. We have no particular recommendations about key stakeholders in these areas however; representatives that are independent of current lease processes would be optimal.

Funding for Consumer Advocacy in NSW

In its submission to this Inquiry, NCOSS called for increased investment in consumer advocacy in NSW, including in the period following any leasing of electricity infrastructure. The Committee asked NCOSS to provide a proposal for this funding increase.

NCOSS acknowledges that PIAC has done excellent work in this area with two FTE staff and funds to engage expertise for strategic projects. This is the only NSW-specific energy advocacy funding and the Energy + Water Consumers' Advocacy Program covers electricity, gas and water. NCOSS considers that the generic advocacy undertaken by PIAC should be strengthened with additional resources.

In addition to any strengthened resourcing that PIAC or other organisations may receive for advocacy related to the interests of consumers generally, NCOSS recommends the NSW Government specifically fund advocacy for low income and the most vulnerable energy consumers. This focus would ensure that the everyday needs of people facing poverty and disadvantage are actively considered in policy, with regard to cost impacts, industry innovations, concessions and assistance programs, consumer protections, access to services and the partial privatisation of electricity infrastructure. NCOSS recommends this funding should be provided for a period of three financial years. This timeline should allow ongoing representation of energy consumers' interests in privatisation processes and the period immediately following.

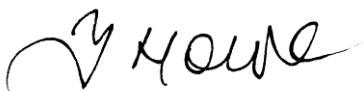
Presently, NCOSS receives no funding for energy specific advocacy. Its project on the lease of electricity assets was funded by a short-term grant from the Consumer Advocacy Panel. Our other work on the needs and interests of low income consumers is largely self-funded, however this is not sustainable.

An indicative budget for low income energy consumer advocacy is outlined below (plus GST):

Indicative Budget for increased NSW energy consumer advocacy				
	2015-16	2016-2017	2017-2018	Total
Staff and on-costs	\$108,000	\$110,700	\$113,468	\$332,168
Operating expenses	\$20,000	\$20,500	\$21,013	\$61,513
Management and Administration	\$32,000	\$32,800	\$33,620	\$98,420
Total \$	\$160,000	\$164,000	\$168,101	\$492,101

Should you have any questions in relation to this letter, please do not hesitate to contact me or Deputy CEO, John Mikelsons (02) 8960 7916 or via email at: john@ncoss.org.au

Yours sincerely



Tracy Howe
Chief Executive Officer