

7 February 2008

Review of Australia's Consumer Policy Framework
Productivity Commission
PO Box 1428
CANBERRA CITY ACT 2616

By email (consumer@pc.gov.au)

Dear Commissioners

TRUenergy Comments on Draft Report: Review of Australia's Consumer Policy Framework

We would like to thank the Productivity Commission for the opportunity to comment on the Draft Report into the Review of Australia's Consumer Policy Framework.

As a national energy retailer TRUenergy has to deal with unnecessary industry specific regulation that varies across jurisdictions, we therefore strongly endorse the recommendation of the Draft Report to develop a single generic national consumer law framework.

We also support the energy specific recommendations, being:

- To develop and implement a single consumer protection regime for energy services under the auspices of the Ministerial Council of Energy (MCE) (Draft recommendation 5.3);
- The removal of retail price caps (Draft recommendation 5.4); and
- Ensuring disadvantaged consumers continue to have sufficient access to utility services at affordable prices through transparent community service obligations, supplier provided hardship programs, or other targeted mechanisms (Draft recommendation 5.4).

As raised in the Draft Report these recommendations are in the process of being implemented through the MCE Retail Working Group. TRUenergy is participating in the MCE process to achieve a national energy retail framework. However, TRUenergy believes that there is a need for third party interest in this process as the individual jurisdictions, through their MCE representatives, are not always able to voluntarily agree to remove what would appear to be unnecessary and/or duplicate regulation. While the MCE national reform process is in its early stages, some State based Energy Ministers have already made public statements that they will not trade-off jurisdictional consumer protection framework as part of negotiations on a national framework.

COAG should be responsible for overseeing the MCE national retail energy reform program. As a starting point, jurisdictions should be required to hand over to the Federal Government complete responsibility, without any derogation for the development and implementation of a national consumer protection framework.

Jurisdictions that wish to derogate aspects of their state based regulatory measures out of the national regime should be required to request a benefit/cost analysis. The analysis should be based on the approach outlined in the Commission's Draft Summary Report, Figure 3. The analysis should be conducted by an independent body (for example, the Australian Energy Regulator or the Australian Energy Markets Commission) and be subject to public consultation. COAG should have the final decision-making power to approve, or otherwise, the derogation based on the findings of the independent body review.

An area of growth in energy regulation that has occurred in more recent times but not captured in the Commission's Draft Report has been in the area of Green Energy. There are currently at least 10 national and State based schemes that regulate the sale and provision of Green Energy to consumers, including:

- Queensland Government 30% Gas Scheme
- New South Wales Government Greenhouse Gas Abatement Scheme
- National Mandatory Renewable Energy Trading Scheme
- Victorian Government Renewable Energy Trading Scheme
- The proposed National Emissions Trading Scheme
- The Victorian Government Energy Efficiency Target
- NSW Government Climate Fund (formerly known as the Energy Saving Fund)
- National Framework for Energy Efficiency
- New South Wales Renewable Energy Trading Scheme (currently being drafted)
- Victorian Government compulsory feed-in tariffs for buy-back of renewable energy
- Queensland, South Australian and ACT Governments are also in the process of developing compulsory feed-in tariffs for their jurisdictions
- Greenpower Accreditation Scheme (non-government voluntary scheme)

The schemes are aimed at changing the mix of energy generation away from high intensity greenhouse gas producing fuels to lower or non-producing greenhouse gas fuels and/or changing consumer behaviour. These schemes have developed in an ad-hoc and incremental manner. The range of national and state based schemes has resulted in unnecessary and complex rules and obligations and therefore higher costs for market participants and consumers. From a consumer protection perspective, it would be far more effective to have national co-ordination of green energy regulation as it will ensure consumers are better informed of their choices and the industry costs are minimised.

We recommend that COAG should also assume oversight of Green Energy regulation with the aim of achieving regulatory efficiency in this emerging area.

In concluding, TRUenergy endorses the Commission's recommendation that there should be COAG oversight, review and implementation of a national consumer protection reform program akin to the National Competition Policy Agreement.

Any such process should capture retail energy services, including the provision of Green Energy.

If you have any queries on our comments please contact me on (03) 8628 1156 or TRUenergy's Regulatory Manager, Con Hristodoulidis on (03) 8628 1185.

Yours Sincerely

(signed for e-mail)

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