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By Email: electricity@pc.gov.au

Submission to the Public Enquiry

I found the latest draft report released by the Productivity Commission into Australia's energy sector (Electricity Network Regulatory Frameworks - [Volume I](#) & [Volume II](#)) released this month to be particularly disappointing.

As a consumer, I found it impossible to reconcile the Commission's claim that it is concerned about the lack of a consumer voice in the debate surrounding proposed energy sector reform on the one hand, & its insistence in producing a report that most consumers would struggle to understand on the other.

To add insult to injury, the Commission, whilst lamenting the absence of a 'consumer voice' in the electricity sector reform debate, has no hesitation in making pronouncements about what it perceives to be desirable reforms (in the interests of consumers), whilst casually ignoring more substantial problems which, if addressed, would potentially offer far greater benefits to those same consumers.

To my point, the Commission states in its Overview that:

'Some 25 per cent of retail electricity bills are required to meet around 40 hours of critical peak demand each year.

- Avoiding this requires a phased and coordinated suite of reforms, including consumer consultation, the phased removal of retail price regulation, and the staged introduction of smart meters, accompanied by time-based pricing for critical peak periods.*
- This would defer costly investment, ease price pressures on customers, and reduce the large hidden cross-subsidies from (often lower-income) people who do not heavily use power in peak times, to those who do.'*

So, the Commission seeks to claim that real energy system reform consists of ensuring that charges for energy usage are based on a genuine 'user-pays' system, thereby removing hidden, inequitable subsidies that unfairly disadvantage poorer consumers.

Well, Whoopidoo!!

What the Productivity Commission doesn't talk about is the far greater 'hidden subsidies' that are being afforded to business, both large & small, at the expense of household consumers, with such subsidies dwarfing the value of any inter-household consumer subsidies that the Commission seems so concerned about.

2.

Over the past 12 months, I have attempted to obtain an understanding of the current electricity sector in this country.

My own electricity provider has refused to provide me with basic information going to the charges that I have been obliged to pay.

My complaint to the NSW Water & Energy Ombudsman about my electricity provider has proved to be a waste of time & I regard the title of 'NSW Water & Energy Ombudsman' to be a complete misnomer, as the function appears to offer nothing more than a public relations service on behalf of industry & government.

Requests to the NSW Minister for Energy for information on prices paid by business for electricity have resulted in claims by his office that the government doesn't gather or hold such information.

It would seem that no-one in Australia: not in government, academia, nor in the electricity generation industry, can provide a set of simple straight forward numbers that would, to an ignorant consumer such as myself, seem essential to begin to understand where reform is required.

I would simply like someone to fill-in the gaps in the following table:

By State/Nationally	All Household Consumers	All Small Business Consumers *	All Large Business Consumers +	All Government Departments / Authorities
Total Annual Electricity Consumption				
Total Annual Price Charged For Energy (Excl GST)				
Average Price Paid Per KWH Of Electricity Consumed				

* Small Business defined as a business consuming less than 160 MWh electricity annually

+ Large Business defines as a business consuming more than 160 MWh electricity annually

I believe that the above information would reveal that household consumers of electricity are substantially subsidising both large & small business operators, together with government departments/authorities, at a cost of many billions of dollars per annum.

I further believe that governments, both state & federal, are using electricity prices being charged to consumers as a de-facto revenue raising mechanism which, in turn, acts as a powerful motive to avoid meaningful reform being achieved in the sector.

Not only are household consumers being 'gouged' to subsidise business/government energy costs, but the existence of this inequity also acts as a direct incentive against business & government focusing on reducing their energy use.

If the Productivity Commission is serious about reform in the electricity sector, it would ensure that this fundamental information was not only collated, but also that it was published, just as it is in most first world countries.

3.

Whilst I am not suggesting for a moment that there are not other, significant reforms that would benefit all Australians if they were enacted in the electricity sector, I do believe that, unless there is transparency around the most fundamental information necessary to understand what is going on in the sector, then any suggestion that there is a real agenda being pursued for genuine equitable reform must be viewed as a total nonsense.

Thank you for considering my representations.

Sincerely,

John Richardson.