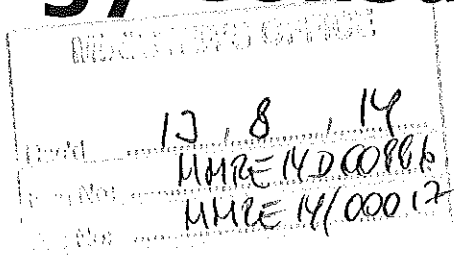


Energy Consumers' Council



Energy Markets and Programs Division
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Hon Tom Koutsantonis MP
Minister for Mineral Resources and Energy
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Dear Minister

Retention of the Energy Consumers' Council of SA

I am writing to you to provide advice on the continued existence of the Energy Consumers' Council (ECC) following the Premier's email of 8th July, in which he announced the review of all State Government boards and committees.

As a Ministerial council, the ECC has provided advice to the Minister responsible for energy since 2002. I have had the privilege of being on the council since its inception, serving over this time as its chair and deputy chair.

The council has provided independent advice to the government on critical issues such as energy prices and concessions, the development of solar and other renewable energy sources, the structure of the energy industry in South Australia, reliability and equity of supply, the impacts of the energy market on residential and business consumers, the Residential Energy Efficiency Scheme, inset networks, generator market power and distributor and retail issues.

The council has also spearheaded a number of important initiatives, such as the Memorandum of Understanding (MOU) between SACOSS, AGL, Origin Energy, Energy Australia and the Government of South Australia for better practices in the provision of assistance to South Australian energy customers experiencing financial hardship. Such initiatives have seen energy retailers establishing or revising, more consumer-friendly payment plans and hardship programmes, and reporting annually to Ministers on issues pertaining to these better practices. The National Energy Market (NEM) has adopted much of the framework of the MOU into the National Energy Consumer Framework (NECF) for its reporting commitments and behaviour towards consumers by energy retailers. The council's work on inset networks has also been incorporated into the NEM.

Energy policy critically impacts all aspects of the state's prosperity and development as well as the wellbeing of its citizens. At the same time, the energy sector is dominated by a small number of corporations whose commercial principles may not always align with those of the State Government, South Australian businesses and local citizens.

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Electricity generation and supply is undergoing unprecedented change globally as alternative methods and models of supply are considered both by suppliers and consumers. Ensuring that reliable, affordable supply is there for all consumers is the challenge over the next few years.

In addition, electricity and gas prices have risen to record levels and this increase in prices, especially for gas, is expected to continue to rise greatly over the next few years putting additional pressure on both business and domestic consumers. The demand for measures to alleviate this, especially from business, is becoming increasingly vocal.

Both these issues are high priorities for the ECC and illustrate the essential need for independent, consumer driven (both residential and business) advice. It is absolutely vital to inform energy policy and decisions by government that benefit the state as a whole.

The Energy Consumers' Council is a body of long standing that brings together a unique cross section of stakeholders who have the capacity to provide this advice. The energy market is a complex one, overlaid with national and state regulation, changing consumer demand and emerging technologies. Independent advice on this market cannot be gleaned effectively from *ad hoc* consultations alone (although these are valuable). The ECC provides the government with:

- long-term expertise and commitment to the issues
- a vast representative network covering the business and residential sectors, including:
 - small and medium enterprises
 - mining
 - oil and gas
 - primary producers across the state
 - older South Australians (23 per cent of the population)
 - rural consumers
 - disadvantaged consumers
 - consumers broadly
- a forum for examining trends in energy market and technology developments which may impact on the state in the medium and longer term **giving**
- an independent voice on the impacts of energy policy on South Australians
- a unique forum for views on current issues from the business and community sectors on energy issues
- a low-cost forum for independent advice

Last year we embarked upon reform within the council to increase its effectiveness and to ensure we provide the best value as well as the best possible advice to government. We believe that this independent advice must continue to be provided to government

But for us to deliver real value to government, we believe the following commitments by government are critical:

- regular meetings with you, as the Minister for Energy, to ensure that our independent advice is not mediated through other channels (three meetings per year would be optimal)

RETENTION OF THE ENERGY CONSUMERS' COUNCIL OF SA

- referral by you and your office to the council of current energy policy and legislative issues that you wish the council to consult and provide advice on, in order for us to provide consumer and business advice on the issues critical to the government
- direct communication channels between the chair of the council and your energy adviser
- an upgrading of the council in terms of the participation of Department of State Development staff
- reform to the executive support provided by the department to allow increased levels of drafting on behalf of the council
- a review of the council membership to ensure that that it is the most appropriate representation of a wide cross-section of energy consumers
- reinforcement by you of the need for a greater commitment by nominated members of the council to regularly attend its meetings

In short, to maximise the value of our advice we need to maximise our access to decision-makers within government, first among them yourself as the Minister for Energy.

The council is aware of the time constraints of both your office and of senior departmental staff. To ensure commitment at a more senior level, we propose that the council meetings be conducted bi-monthly (currently they are monthly), with short-term working groups constituted in between to deal with immediate and current issues.

In summary, the council strongly supports its retention in a reinvigorated structure as outlined above. To abolish the Energy Consumers' Council would expose a gap in energy advocacy in South Australia between ESCOSA's mandate and the energy related powers which have already been ceded to the Commonwealth Government.

In conclusion and on behalf of the Council, I would like to thank the Department of State Development for its ongoing support for the council, and in particular for the very valuable assistance of our secretariat headed by Ms Ruth Gill.

I look forward to hearing from you and, if possible, would appreciate discussing the future of the Energy Consumers' Council with you directly.

Yours sincerely



Max Baldock
Chairperson
Energy Consumers' Council SA

12 August 2014

cc. Mr Rick Janssan, Group Executive Director, Department of State Development