



Submission on

ACTEWAGL Gas Distribution Pricing Determination 2016-2021

September 2015

About ACTCOSS

ACTCOSS acknowledges Canberra has been built on the land of the Ngunnawal people. We pay respects to their Elders and recognise the strength and resilience of Aboriginal and Torres Strait Islander peoples. We celebrate Aboriginal and Torres Strait Islander cultures and ongoing contribution to the ACT community.

The ACT Council of Social Service Inc. (ACTCOSS) is the peak representative body for not-for-profit community organisations, people living with disadvantage and low-income citizens of the Territory.

ACTCOSS is a member of the nationwide COSS network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS).

ACTCOSS’ vision is to live in a fair and equitable community that respects and values diversity, human rights and sustainability and promotes justice, equity, reconciliation and social inclusion.

The membership of the Council includes the majority of community based service providers in the social welfare area, a range of community associations and networks, self-help and consumer groups and interested individuals.

ACTCOSS receives funding from the ACT Government.

ACTCOSS advises that this document may be publicly distributed, including by placing a copy on our website.

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ACTCOSS welcomes this opportunity to contribute to the AER consideration of the ACTEWAGL submission regarding the price determination for gas distribution. ACTCOSS has participated in the ACTEWAGL Energy Customer Reference Council. This Council has provided an opportunity for ACT-based advocacy organisations with an interest in energy supply and pricing issues to be briefed on the ACTEWAGL operating environment, the rationale for capital and operational spending and the medium term strategy for development of the gas distribution network in the ACT. We have provided input on the priorities for customers (especially domestic and small business customers) and provided feedback on ACTEWAGL proposals for inclusion in their submission.

ACTCOSS has focused our advocacy on the needs and interests of low income domestic customers and community organisation customers. The principles that have guided our advocacy are:

* Customers should not experience “price shocks”, any increases in prices should be gradual and “backloaded” in the pricing period
* Tariff structures should ensure low income customers have access to a low supply cost/low use tariff, and better access to measures that increase energy efficiency as this is the only measure that will reduce energy costs over the longer term
* Customers should not have to pay for infrastructure development that will not be able to be used for non-fossil fuel energy sources

ACTCOSS notes that the ACT has a policy and regulatory environment that anticipates 90% renewable energy sources by 2020. The strategy outlined by ACTEWAGL to build customer usage in areas that already have distribution infrastructure makes commercial sense in the coming price period. The plan to build distribution in new areas does not make sense, because this will potentially expose customers over the longer term (post 2020) to the risk of having to pay for “stranded infrastructure” that will not be useable once the 90% renewable target is required and/or when a carbon price is imposed.

We have noted CPI is around 3 per cent. Neither low wage industry wages not working age income support payments are keeping up with this increase in the cost of living. Many households experience energy poverty – defined as both inability to pay energy bills and using less energy than is needed to maintain healthy temperatures through cold Canberra winters. I refer the AER to the Care Financial Counselling submission and the ACT Consumer and Administrative Tribunal for data on household debt and inability to pay associated with energy bills.

ACTCOSS has also noted the difficulty ACTEWAGL face in creating business model that aligns sustainability of business with customer interests. We are negotiating with ACTEWAGL to form a partnership in which customer advocates and the industry build a better understanding of how to develop business models that align these interests.

The ACTEWAGL submission notes in several places that the position put in the submission reflects advice from the Council. I can confirm the principles for the price path were supported by a majority of participants in the Council. It is worth noting that there was not a unanimous view put by customer advocates on many of the issues discussed.

I would like the AER to note that the Council does not have decision-making authority. We provide input and advice, and ACTEWAGL determines whether and how to reflect that advice in their business planning. Customer advocates are not resourced, nor has there been adequate time through the consultation period, to gain formal endorsement of specific responses to ACTEWAGL questions from the membership of the groups the customer advocates represented.

ACTCOSS has been satisfied with the engagement strategies used by ACTEWAGL, and looks forward to strengthening our capacity to participate in forums for customer input and feedback on pricing and supply issues.

ACTCOSS would welcome the opportunity to provide further information on the issues raised in this submission if that would be useful to the AER. Our contact details are provided at the beginning of this submission.