Submission to AER Consultation Paper: Process for reviewing the rate of return guidelines

*August 2017*

About TasCOSS

TasCOSS is the peak body for the community services sector in Tasmania. Our membership includes individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, regulators, the media and the public. Through our advocacy and policy development, we draw attention to the causes of poverty and disadvantage, and promote the adoption of effective solutions to address these issues.

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Introduction

TasCOSS welcomes the opportunity to make a submission to the AER Consultation paper *Process for reviewing the rate of return guidelines.* As the peak body for the Tasmanian community services sector and advocate for low-income, disadvantaged and vulnerable Tasmanians, TasCOSS has a longstanding interest in energy policy.

3.1 Consumer reference group

TasCOSS welcomes the establishment of a consumer reference group, and the emphasis on consumer involvement. It is critical that voices of ordinary people are included in the AER’s consideration, as direct participants, or through appropriate representative bodies and advocates. Ensuring that the AER hears the voices of disadvantaged and vulnerable people who rely on energy as an essential service needs to be a priority. Enabling grass roots consumers to have an effective voice may require additional training and skills development. Supporting expert community consultation to engage people and scaffold their ability to give direct voice to their own concerns will be vital. Appropriate remuneration for members of and contributors to this group is also important.

3.2 Consumer challenge sub-panel

TasCOSS supports the AER decision to establish a guidelines review sub-panel.

3.3 Targeted workshops and information sessions

TasCOSS supports the proposal to facilitate introductory workshops, targeted workshops and skills sessions. Multiform and flexibly timed delivery of information will maximise participation and inclusion.

TasCOSS recommends that

1. workshops are held in both face to face and online (eg webcast) formats, so that information is available to participants from all parts of Australia;
2. durable resources are made available (eg downloadable information guides and fact sheets, video lessons and the like) so information and learning opportunities are not restricted to participants who are available at particular times;
3. consideration is given to the potential broader benefits of these ‘upskilling’ workshops, as it may be possible to re-purpose some content for determination processes and the like;
4. development of a clear process for identifying consumers’ and advocates’ information needs and a flexible, responsive approach to addressing them, including pathways for consumers and advocates to request assistance as needed.

3.4 Issues paper

TasCOSS supports holding workshops in the lead up to the release of the issues paper in October. A focus on the knowledge that consumers and advocates will need to engage with the issues paper will be important, and perhaps a Q&A session when the issues paper has been released would be helpful.

3.5 ‘Hot-tubbing’ of expert advisers

TasCOSS did not see any role for consumer advocates as expert advisers explicitly identified in this section of the consultation paper. However, we consider that a voice for consumers always has the potential to be valuable in any discussion that has material impact on people’s lives, and suggest that AER consider how this might be achieved.

TasCOSS recommends that a consumer advocate or member of the CCP Sub-Panel be considered as part of the ‘hot-tubbing’ process, with appropriate skills development if needed.

3.6 independent panel review of the draft guideline

TasCOSS recommends that

1. a consumer voice be included in the independent panel undertaking the review;
2. expertise in consumer engagement be part of the composition of the panel, as part of reviewing how AER has undertaken an effective process and engaged with an open mind.

Other matters

We note that the NER requires guidelines to be reviewed within five years (consultation paper p 6). This five year timeframe aligns with the cycles for networks revenue determinations. Consequently, the process for each transmission and/or distribution network will likely commence at the same point in the Rate of Return guidelines review cycle. For example, the TasNetworks determination for 2019-2024 will be based on the 2013 RoR guidelines (consultation paper p 8). If this pattern is followed, the determination for 2025-2030 will be based on the 2018 RoR guidelines.

We would suggest that a different period, such as four or six years (not five), be set for the review of RoR guidelines. One advantage would be that any benefits or disbenefits of early or late uptake of the guidelines are spread around the jurisdictions. A second advantage is that avoiding the constant coincidence of RoR Guidelines review and Networks determination process would likely encourage participation in the Guidelines review from jurisdictions who lack resources to undertake both at the same time.

Conclusion

TasCOSS welcomes the AER’s recognition of the importance of consumers’ voices, given that the rate of return has a substantial impact on the electricity and gas bills that many people struggle to pay. In particular, we welcome the intention to “maximize the opportunities for consumer participation” (p10) as this will contribute to making better regulatory decisions. We hope our recommendations can assist the AER in delivering this outcome.