



## NSW Government wants extended monopoly for Energy Australia, Country Energy

**1** The NECA Code-change panel has put forward a Electricity Code change to the ACCC in the form of a NSW Government case for an exemption from competition for its distributors Energy Australia, and Country Energy.

**Claims its good for you:** The NSW case did not quantify - or even mention - gains to its corporations from an extended monopoly "to install business systems"; but instead warned of risks of public loss through chaotic:

- load control and demand management activities;
- meter churn; and
- fault management and customer service standards.

**Competition not good for customers:** The State - arguing the case for its monopoly distributors - said 'Ineffective transfer and concerns regarding supply failure would have the effect of undermining customer confidence in electricity contestability', in its request for an extended monopoly under the National Electricity Code. It argued "if meter provision is opened to competition, 'meter churn' may occur... the barrier to switching retailers created by increased transition costs resulting from meter churn would create an overriding public detriment".

**More data and metering monopolies:** "The New South Wales Government believes that these coordination difficulties justify extending the derogations. From the New South Wales Government's perspective, competition between retailers for electricity supply is an area where substantial benefits from electricity sector reform have occurred".

**Meters just add complexity:** The ability for customers to choose their retailer and switch / convert simply and cheaply is crucial to the

*cont. page 3*

### contents

- 3 NSW Govt delay aims for its State-owned distributors to control demand side, with peak pass-through prices
- 5 MCE moots a single consumer protection code for electricity, gas retail and distribution
- 6 Vic ESC 'Energy Comparator' compare competing offers: Allows informed choices
- 6 SA residential electricity sales tipped to rise 9.3pc to 3520.5GWh by 2009/10
- 7 Tuesday, 28 September: SA a whisker from blackout in planned outage of M1 (500/275kV) transformer in Vic
- 7 Energy in short supply this summer; blackouts and lack of generation predicted for NEM
- 7 Energex prepared to risk outages in peak demand period for expected \$1bn capex return: 10-12 years
- 8 Energex's rush new \$85 million capital works program to be completed by Christmas 2004: Ready for summer crisis

Find out more at the subscriber section of [www.erisk.net](http://www.erisk.net)

Published by EWN Publishing, PO Box 1419, Rozelle, NSW 2039. Ph: +612 9818 8877. Fax: +612 9818 8473. Editor: Laurel Fox-Allen.

## week in brief

### Beattie's new power shock:

Energex chair quits amid accusations of Maddock investigation leak from Qld Premier's office

**Beattie denies leaking story:** The Qld Premier had to deny leaking the story on the investigation into Maddock and refused to comment on Nissen's resignation as ministers scatter into the bushes.

**Beattie on the spot:** Greg Maddock's suicide puts Qld Premier Peter Beattie on the spot as he prepared to front Parliament over an investigation into the Energex boss.

**Ergon exec investigated:** A second Qld energy chief has come under scrutiny as the fraud squad began investigating an unnamed Ergon executive.

**Maddock's family defends him:** Recently-deceased Energex CEO Greg Maddock's family has spoken out in defence of his integrity, as the Qld Auditor-General investigates possible funds misappropriation.

**\$30,000 renovations in question:** The investigation into the late Energex CEO Greg Maddock's expenses centred on a disputed

\$30,000 on building improvements and new furnishings for his home in Brisbane.

**400 attend the service:** 400 attended a Qld service for the Energex CEO at the Mt Gravatt crematorium.

**Natural intellect, innate ability:** Maddock was described in the eulogy as a man of natural intellect with his innate ability to assess and get to the core of complex issues.

**Energex risked outages for cash:** Energex was prepared to risk outages in its peak demand period for an expected \$1bn capex saving over 10-12 years, said a Qld review panel.

**Kaiser sells QAL stake:** Failed US aluminium producer Kaiser Aluminium has set up a "winner takes all" global auction for its 20 per cent stake in Queensland Alumina.

**Energex recruitment drive:** Energex was undertaking an extensive recruitment campaign for technical staff, according to the company's Strategic Plan for Summer 2004-05.

**\$85m Energex capex spend:** To prepare for the expected high maximum demand growth over summer 2004-05, Energex has initiated a \$85 million capital program.

### Energex vegetation strategy:

Vegetation Management, or trimming of trees near powerlines, was the major preventative strategy conducted by Energex to reduce power interruptions during storms.

**New distribution rules comment:** The Ministerial Council on Energy think-piece on new national gas and electricity rules distribution submissions were due by 29 October.

**Nominal electricity prices as 1996:** Nominal electricity prices are now the same as they were in 1996, when prices were at their peak, said the chair of the Energy Markets Reform Forum (EMRF), Sydney.

**Energy supply short:** Energy will be in short supply this summer with blackouts and lack of generation forecast across the country.

**NSW consuming more and more:** NSW residents were consuming more power and producing more waste than ever before reported the State of the Environment report.

**Sydneysider emissions survey:** Householders in Sydney's south region were being asked to provide information about their energy usage to measure regional emissions.

**Western Power profits:** Western Power has posted an after-tax profit

of \$241.6 million for 2003-04 and paid a yearly dividend of \$210 million to the West Australian Government.

**SA spike:** South Australia recorded a spike to \$717.85/MWh in the 30-minute trading interval ended midnight.

**SA electricity sales rise forecast:** Electricity sales to South Australian residential customers were expected to increase from an estimated 3223.5 gigawatt hours (GWh) in 2003/04 to 3520GWh by 2009/10.

**British insurers lead sustainable:** British insurance leads the sustainable investment charge but super funds hold the reins and didn't think investors cared, said an ethical investment fund.

**Prime wants Powerco 53pc:** Prime Infrastructure Group owner of Ecogen, Redbank, now wants 53pc of Powerco, second largest energy distribution business in New Zealand.

**Lower prices end the week:** Electricity prices started the week down 2-4pc to \$24.40-\$26.15/MWh and followed stop-start demand to end the week around 2-42pc.

Cont. from p. 1

success of full retail competition. The government believes that the introduction of customer choice in the provision of all metering services for small retail customers will create complexity and confusion that could endanger the success of the core FRC reforms. The New South Wales Government submits that:

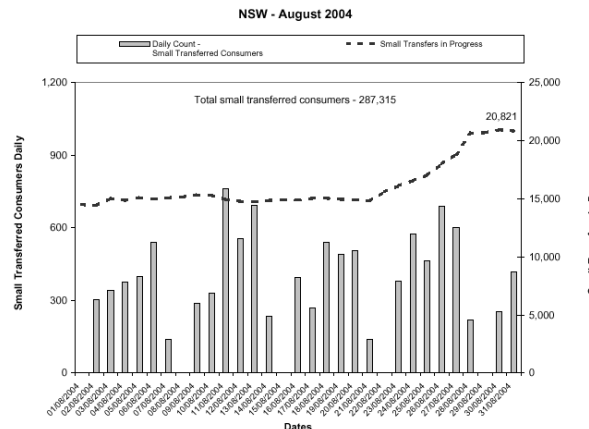
- the substantial public benefits provided by the derogations;
- the jurisdictional consistency provided by extending the derogations;
- the public detriments that would result from the introduction of metering services competition without resolving technical co-ordination issues; and
- the need for unbundling pricing methodology before the introduction of metering services competition, mean that the public benefits resulting from the proposed extension of the Chapter 9 derogations would outweigh any detriment to the public that may result from those amendments.

**Few want it, anyway argues State:** The New South Wales Government proposes to continue the current arrangements through the proposed derogation. Existing levels of competition and the Code provisions relating to chapter 7 metering competition for Type 5 customers that consume greater than 100MWh per annum will be preserved. "It also

should be noted that to date, very few Type 5 customers that consume greater than 100MWh per annum and are eligible to choose their own Metering Provider have elected to do so. The New South Wales Government submits that this fact demonstrates the limited benefit customers perceive from metering competition.

**Victoria got monopoly-extension:** "Victoria has applied to extend its derogations, which expired on 1 July 2004, to 31 December 2006. In the meantime, it has been granted an interim authorisation by the ACCC."

**Application to the Australian Competition and Consumer Commission Proposed Derogations to the National Electricity Code Metering Competition August 2004 by the New South Wales Department of Energy, Utilities and Sustainability, forwarded to the ACCC, September 2004 for final review [www.accc.gov.au](http://www.accc.gov.au)**



## NSW Govt delay aims for its State-owned distributors to control demand side, with peak pass-through prices

The NSW Government case to delay metering is it can order meters to contain technology to earn money for its State corporations from new tariffs for pool-price pass through control of consumer loads. "If a retailer can elect to be a Responsible Person, Metering Providers other than LNSPs or those directly engaged by Local Network Service Providers (LNSPs), will be able to provide meters for installation.

**The technology NSW wants to install:** The paper argued "Processes will need to be put in place to ensure metering installations installed by Metering Providers not engaged by LNSPs comply with the requirements for LNSP "frequency injection" (FI) systems. LNSPs utilise load control equipment that allow them to remotely switch off certain customers at peak demand times as an alternative to network augmentation.

**Small consumers get billed at peaks:** "Customers subject to LNSP remote switch off are typically in the sub-40 MWh pa consumption category and are offered a lower tariff as compensation for their willingness to accept interruptions (In most cases, customers on these tariffs use off-peak electricity for hot water).

**Big consumers get more choice:** “Larger customers (above 160 MWh per annum) with types 1 to 4 metering installations usually face peak/shoulder/off-peak tariffs and prefer to manage their own consumption decisions rather than cede control to the LNSP via load control systems.

**How NSW corps will embed earnings:** “In order for the load control systems described above to work properly, it is necessary for the ‘relay’ contained in the customer’s meter (or installed separate to the meter) to conform to the LNSP’s network specifications especially in relation to the FI systems. LNSPs need the ability to control relay specifications in order to maintain load control systems. If a customer’s relay does not conform, then the LNSP will not be able to switch the load. There are many different frequencies and channels that need to be programmed to ensure that off-peak load control can occur smoothly without sudden disruptions to the network caused by, for example, all off-peak loads being switched off simultaneously. Standards need to be established to ensure compatibility between FI systems and relays, with responsibility allocated to various parties for the satisfaction of these standards.

**Retailers could leap in with competition:** “At present, customers on load control tariffs use meters that were provided and are owned by the LNSP or its Metering Provider. As such, LNSPs are able to ensure that meters conform to load control requirements. If retailers elect to be the Responsible Person in relation to a

metering installation, they will be responsible for meter provision. However, under the current regulatory arrangements, they would not be obliged to ensure that their meters conform to LNSPs’ load control requirements.

**Distributor gets regulatory power:**

“However, if a retailer chooses to use a different type of meter, the LNSP would need evidence that the meter conforms to their FI systems. This is not something that is done as a matter of course by meter manufacturers and there are differences between FI systems, some of which are proprietary. Hence, some form of testing with the LNSPs’ FI systems is likely to be necessary, in accordance with the prescribed standards discussed above.”

**Application to the Australian Competition and Consumer Commission Proposed Derogations to the National Electricity Code Metering Competition August 2004 by the New South Wales Department of Energy, Utilities and Sustainability, forwarded to the ACCC, September 2004 for final review**  
[www.accc.gov.au](http://www.accc.gov.au)

## NSW opposes competition for state corporations in data, electricity meter-reading

**T**he proposed amendments seek to extend the New South Wales derogations to “allow additional time to establish business systems”, and it argued this would “outweigh any detriment to the public that may result from those amendments”. The NSW Government argued it was in the public

benefit to have no competition in

- meter reading;
- data validation and substitution;
- estimation; and
- data storage and forwarding.

**Too complex:** The NSW Government argued “Whilst the opening up, over time, of customer choice to most metering data services would not raise significant co-ordination problems for the market, effective competition would require the unbundling of these services from distribution use of system charges (DUoS) and consequently, the resolution of pricing issues.

**Loss for State corps:** Successful unbundling of meter data services would require considerable work to determine how meter reading should be unbundled from overall DUoS charges. Obviously, LNSPs should not be able to charge for meter reading via DUoS charges if this service is performed by another party in a competitive market. Under these circumstances, the LNSPs charges should be reduced by an amount representing the cost of meter reading.

**Reduces corps income:** The question is whether the reduction should be based on the incremental or average cost savings of the relevant meter read. In a static sense, it would be more efficient for the incremental cost of meter reads to be deducted from DUoS charges. Therefore, rebating only the incremental meter reading costs to retailers who choose to take responsibility for this function may not promote effective competition, nor

would the benefits to customers outweigh the costs ultimately imposed upon customers to establish 2nd tier metering competition. New South Wales is seeking to extend the duration of its jurisdictional derogations in Chapter 9 of the National Electricity Code (Code) relating to metering arrangements for the wholesale market to 31 December 2006. The previous derogations expired on 1 July 2004. "The extension of the derogations until 31 December 2006 will enable the continued successful functioning of full retail competition in New South Wales and give participants the time necessary to develop procedures to allow metering competition at a future time".

**Application was made:**

- (a) for the approval of the amendments set out in Schedule 1 of the Attachment by the Australian Competition and Consumer Commission under clause 9.1.1(e) of the Code; and
- (b) through NECA, for authorisation of those amendments by the Commission under sections 88(1) and 88(8) of the *Trade Practices Act 1974 (Commonwealth)* (TPA); and
- (c) through NECA, for interim authorisation of those amendments by the Commission under Section 91(2) of the TPA.

**www.neca.com.au Application to the Australian Competition and Consumer Commission Proposed Derogations to the National Electricity Code Metering Competition August 2004 by the New South Wales Department of Energy, Utilities and Sustainability, forwarded to the ACCC, September 2004 for final review www.accc.gov.au**

## MCE moots a single consumer protection code for electricity and gas retail and distribution

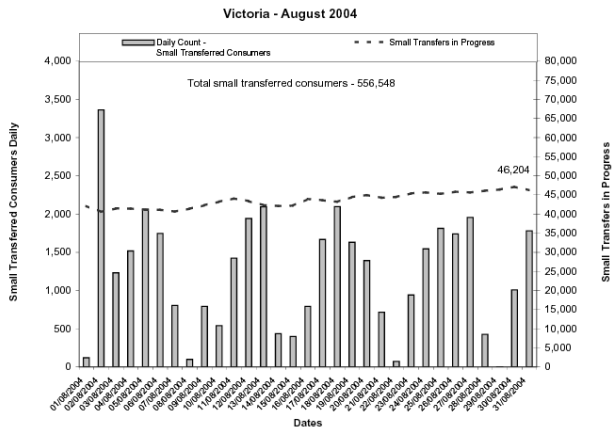
**T**he Ministerial Council on Energy has proposed a single consumer protection code for electricity and gas retail and distribution.

**What's in the code:** The code would cover consumer protection matters that are currently dealt with in retail and distribution codes, customer transfer codes, marketing codes, and metering codes: Provision. Description Preconditions for sale/connection of electricity/gas. Customer identification, credit history, contact details, meter access, payment of security deposit. Grounds for discontinuing sale or disconnection of supply of electricity/gas. Non-payment, meter tampering, electricity/gas diversion, denying meter access, emergency disconnection - but not for small outstanding debts or where electricity operates life support machinery. Interruptions to supply. Planned and unplanned interruptions, load shedding, liability. Customer charter. Prepare and provide a customer charter. Billing. Periodicity, contents (eg historical billing information), based on meter reading/estimated consumption, additional payments for undercharging/refunds for overcharging. Payment of bills. Due date, payment methods, dealing with payment difficulties eg. instalment plans. Review of bills. Obligation to review on customer's request.

Payment default. Reminder notices & disconnection warnings, shortened payment cycles, disconnection. Procedure where supply address is vacated. Customer notice, obligation to pay. Security deposits. Maximum amounts, interest, repayment. Regulation of terms that may/may not be included in customer contracts. Termination penalties, liability limitations/exclusions Specification of standard contracts for (small) customers. Service standards. Specification, reporting, non-compliance payments. Transfer of customers between retailers. Initiation of transfers, meter reading, customer consent, objections to transfer, cooling-off period. Marketing electricity/gas. Training and testing of marketing representatives, contact times, identification, telephone procedures, discontinuation of contact, no future contact, visit and telephone records, informed consent, advertising. Provision of information. Provision of disclosure statement setting out principal contract terms, provision of comparative information to allow retail offers to be meaningfully evaluated and compared. Cooling-off periods. Cooling-off period for small contestable customers, cooling-off periods in relation to transfers. Use of customer information. Confidentiality. Complaints and dispute resolution. Complaint handling, procedures, record keeping, information about dispute resolution scheme.

**Reference: Ministerial Council on Energy standing committee of officials National Framework for Electricity and Gas Distribution and Retail Regulation foreword and issues paper. August 2004.**

Written submissions on the issues raised in this Issues Paper are due by 29 October 2004 and should be sent either electronically or by mail to: Manager - EMR Projects, National Energy Market Branch Department of Industry, Tourism and Resources GPO Box 9839 Canberra ACT 2601. MCEMarketReform@industry.gov.au These submissions will be made available to the public at the MCE's website <http://www.mce.gov.au>



## Vic ESC 'Energy Comparator' compare competing offers: Allows informed choices

6

Developed by the Essential Services Commission (ESC), the 'Energy Comparator' compares the details of an offer made by an energy retailer against a customer's current gas and electricity bill. ESC chair, John Tamblyn, said the new service would enable consumers to compare offers

quickly and concisely. "The Comparator compares the new offer with the current arrangement and provides an easy-to-read results page so customers can make an informed choice," Tamblyn said. "It demystifies many of the complexities around understanding a gas or electricity offer made by an energy retailer." Energy Minister, Theo Theophanous also announced proposals that require gas and electricity retailers to publish energy offers on their company website. "Combined with the launch of this new on-line service, these two initiatives significantly improve the amount of information available to customers about energy offers," Theophanous said.

The 'Energy Comparator' is available on the ESC website at [www.esc.vic.gov.au](http://www.esc.vic.gov.au). The ESC will also provide call centre support on 1300 134 575.

## SA residential electricity sales tipped to rise 9.3pc to 3520.5GWh by 2009/10

Electricity sales to South Australian residential customers were expected to increase from an estimated 3223.5 gigawatt hours (GWh) in 2003/04 to 3520GWh by 2009/10 on a base case scenario, the Electricity Supply Industry Planning Council (ESIPC) said in a report.

**Rise of 297GWh:** In a report to the Essential Services Commission of South Australia (ESCOSA) on sales forecasts by tariff category

for the period from 2005/06-2009/10, ESIPC figures showed the increase would be 297GWh (9.3 per cent) over the period.

**Drop in hot water category:** The ESIPC figures show that sales in the hot water category will decline from an estimated 830.2GWh in 2003/04 to 818.1GWh in 2009/10 on a base case scenario, a drop of 12.1GWh (1.5 per cent).

**Forecasts in other categories:** Variations in sales in other categories on a base case scenario are shown as:

- **Commercial:** Up 601.7GWh (18.9 per cent) from the estimated 3177.9GWh in 203/04 to 3779.6GWh in 2009/10.
- **Industrial:** Up 280.6GWh (8.9 per cent) from the estimated 3158.2GWh in 2003/04 to 3438.8GWh in 2009/10.
- **ETSA Utilities:** Up 1178.6GWh (11.2 per cent) from the estimated 10,514.8GWh in 2003/04 to 11,693.4GWh in 2009/10.
- **Other:** Up 262.7GWh (24.1 per cent) from the estimated 1088.1GWh in 2003/04 to 1350.8GWh in 2009/10.
- **State total:** Up 1461.3GWh (12.6 per cent) on the estimated 11,582.9GWh in 2003/04 to 13,044.2GWh in 2009/10.

Reference: Report to the Essential Services Commission of South Australia (ESCOSA) on "Sales forecasts by tariff category for South Australia's electricity distribution network for the period 2005/06-2009/10" by Electricity Supply Industry Planning Council (ESIPC). 14 September 2004. Address: GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>

## Tuesday, 28 September: SA a whisker from blackout in planned outage of M1 (500/275kV) transformer in Vic

**N**EMMCO declared an actual lack of reserve level 2 (LOR2) in South Australia, which lasted from 0702EST Tuesday, 28 September until 1705EST. NEMMCO advised in a market notice at 0712EST on Tuesday, that it considered the occurrence of the critical single credible contingency during the planned outage of the M1 (500/275KV) transformer at Heywood (Victoria) was likely to cause involuntary load shedding in the South Australia region. NEMMCO said there was adequate capacity reserve in South Australia but the reserve plant characteristics were such that involuntary load shedding might result from a low frequency. In an update at 1814EST, NEMMCO said the LOR2 was cancelled from 1705EST after the transformer returned to service.

## 7 Energy in short supply this summer; blackouts and lack of generation predicted for NEM

**A**ccording to *The Australian* (28/9/2004), this summer energy is in short supply in states and territories.

- **NSW:** A July 2003 report predicted widespread summer blackouts due to poor maintenance and surging demand. Sydney's CBD was hit in September 2003.
- **Victoria:** February 2003 forecasts of power cuts unless new generating stations are built. Predictions 2006 Commonwealth Games could be affected. February 2004 blackouts hit thousands.
- **Queensland:** Brisbane and southeast hit by three blackouts in 2003-04. August 2004, thousands suffer from Cairns to the Gold Coast. Dire warning of future shortages.
- **South Australia:** Adelaide suburbs hit, December 2003. In March 2004, Adelaide and much of the state grinds to a halt. Eyre Peninsula blacked out, September 2004.
- **Western Australia:** May 2004, Perth facing prospect of so-called ripper days - complete blackouts. Plans to fire up coal burners to cover projected power shortfall in 2005-06.
- **Tasmania:** October 2003, thousands affected by blackouts in Hobart. Millions allocated to beef up supply network.

## Energex prepared to risk outages in peak demand period for expected \$1bn capex return: 10-12 years

**T**he over-utilisation of the Energex network came about to a large degree because of a deliberate decision to work the assets much harder, the three-member review panel said in its report on "Electricity distribution and service delivery for the 21st century".

**Decision taken in 1989:** The panel said the Energex management took a decision as early as 1989 to take a greater risk. The risk taken was that, if there were equipment failure at the time of peak demand, there could be an outage to a part of the network until load switching took place.

**How Energex looked at it:** The assessment made by Energex management was that the chances of the outage occurring and the time for which the outage would last if it did occur were small enough to justify the risk being taken in view of the financial savings made from avoiding or deferring capital expenditure.

**Prudent business practice:** The Board/management saw this as prudent business practice. They estimated that it reduced spending on the network by around \$1 billion over 10-12 years.

**Others did it differently:** Energex was not alone in employing this reliability assessment planning (RAP) system. Other distributors also had used it but generally in conjunction with a philosophy which dictated that all major components in the system would have an "N-1" capacity.

**Spare capacity:** Having an "N-1" capacity meant that if there were equipment failure in one of the major assets, such as a bulk supply sub-station or a zone sub-station, there would be enough spare capacity to allow alternative assets to be used or load to be switched thus avoiding an outage.

**What philosophy allows:** Such a philosophy also allowed existing assets to be operated under normal conditions at levels well within the capacity for which they were designed.

**Concerns with way RAP used:** The panel said it accepted that RAP was a valid planning tool. It had some concerns, however, with the way Energex used it.

**Reference:** Detailed report of the independent panel on "Electricity distribution and service delivery for the 21st century" to the Queensland Department of Natural Resources, Mines and Energy. September 2004. Address: Mineral House, 41 George Street, Brisbane. Qld. 4000. PO Box 2454, Brisbane. Qld. 4001. Phone: (07) 3896 3111. <http://www.nrm.qld.gov.au>

## Energex's rush new \$85 million capital works program to be completed by Christmas 2004: Ready for summer crisis

To prepare for the expected high maximum demand growth over summer 2004-05, Energex has initiated a \$85 million capital program of works to be completed by Christmas 2004 specifically intended to increase the capacity of the transmission and primary backbone of the distribution system, according to the company's Strategic Plan for Summer 2004-05. This program included:

- installing or upgrading 23 substation transformers;
- nine capacitor bank projects to improve substation efficiency;
- 13 33W feeder upgrade projects to allow greater load switching capability between substations;
- a further 92 11W feeders would be upgraded;
- sub-transmission feeder upgrades;
- distribution feeder upgrades; and
- distribution transformer and low voltage circuit upgrades.

## Energex to increase vegetation management spend to \$29.8m in 2004/2005 - up from \$22m

Vegetation management, or trimming of trees near powerlines, is the major preventative strategy conducted by Energex to reduce power interruptions during storms. According to a statement released by Energex, the company will further increase its investment in vegetation management in 2004/2005 to a record \$29.8 million. This amount is a significant increase on the \$22 million spend in 2003/04, which was in turn nearly a fifty per cent increase over the previous year's investment of approximately \$14 million.

**Two-and-a-half year vegetation cycle:** At present, Energex is spending upwards of \$2.5 million per month on vegetation works, a significant increase over last year's spend rate, as it prepares for the summer storm season of 2004/2005. This level of funding will enable the adoption of a two-and-a-half year cutting cycle for the entire Energex network, including the urban low voltage network, which makes up the majority of the overhead lines in ENERGEX. This cycle will be enhanced with a 15-month "maintenance trim" of trees near the high-impact urban 11kV network.

**Live line resources:** This year, for the first time, contract live line resources are being utilised to efficiently trim vegetation that is close to the powerlines, without requiring the power to be shut down. This will deliver a

reduction in planned power outages for maintenance in Energex's area of supply. Trimming of the entire urban network is scheduled for completion by September 2004, prior to the 2004/2005 storm season. At the same stage last year, only about thirty per cent of the urban HV network had been trimmed in the preceding twelve month period.

#### **Energex working on "problem trees":**

Energex is working with local councils, specifically the Brisbane City Council, to remove problem trees and plant power-line friendly trees. Where removal or trimming is not desirable by the local community, in some instances re-engineering solutions are being deployed, such as undergrounding, realignment or insulation of the overhead network.

**Reference:** Energex Strategic Plan for Summer 2004/05.

## Nominal electricity prices now the same as 1996 peak: EMRF pre-deregulation pricing curve

**9** Nominal electricity prices are now the same as they were in 1996, when prices were at their peak, according to a report in *The Australian Financial Review* (24/9/2004, p. 79).

**Pre-deregulation pricing curve:** Mark Gell, chair of the Energy Markets Reform Forum (EMRF), Sydney, made the claim after the EMRF compiled a pricing trend curve from pre-

deregulation in the early 1990s through to 2012 in NSW. The prices, up to 2004, are based on actual electricity bills - and therefore, said Gell, the claims are very hard to argue against.

**Prices adversely affect investment:** The report showed that while industry enjoyed a period of lower electricity prices post-deregulation, nominal prices are now the same as they were in 1996 and that the electricity wholesale price paid by large users is higher than the long-term marginal cost curve of running a base-load power station, therefore providing no incentive for further investment.

**Prices increasing at all levels:** Furthermore, the report found that prices are increasing at all levels – wholesale, transmission and distribution. Combined with the recent trend of imposing various levies on large users which have built-in escalators over time, this means that by 2012 delivered electricity prices will be 20 per cent higher than their highest point before deregulation.

**Energy costs no longer advantageous:** In terms of how Australia compares internationally on electricity prices, we are one country behind the OECD average. Industry in China, which is becoming the manufacturing capital of the world, is subsidised and it has cheaper power than Australia. In response, the EMRF has called for, "A debate based on real facts and for governments and the energy industry to come to the realisation that energy costs are no longer a competitive advantage for Australian industry."

## NSW residents consuming more power, producing more waste than ever before: State of the Environment report

**T**he environmental price tag of the affluent lifestyles of NSW residents is creeping up, as it takes an increasing amount of resources to keep residents in the style to which they have become accustomed, according to *The Sydney Morning Herald* (28/9/2004, p. 8). NSW residents are using more electricity, driving further, producing more waste and consuming at a greater rate than ever before.

#### **Report highlights growing eco footprint:**

The latest State of the Environment report, by the NSW Department of Environment and Conservation, found the amount of land needed to produce the goods and services consumed by the state's residents - known as an ecological footprint - increased by 23 per cent between 1998 and 2003. Over the same period the population grew by only 7 per cent. It now takes 7.4 hectares of land to maintain each Sydneysider's lifestyle, an increase of 16 per cent on five years ago. The footprint of regional residents grew by 15 per cent to 7 hectares. The NSW footprint is slightly higher than the Australian footprint of 7.09 hectares.

**Ecological footprint explained:** The ecological footprint model is used by Redefining Progress, a non-government organisation

based in California, to try to make sustainability part of economic and public policy debates. The authors of this year's annual footprint comparison, Jason Venetoulis, Dahlia Chazan and Christopher Gaudet, said footprints "are not bad or good per se". "Every living entity possesses an ecological footprint, it is the size that differs," they wrote. "When humanity's footprint is within the annual regenerative capabilities of nature, its footprint is sustainable.

**Demand may exceed ecological limits:** For some it may be surprising to learn that the footprint - a measure of human consumption - can exceed the planet's ecological limits, but only for a limited time, by using resources more quickly than they can be renewed." Humans breached that threshold in the 1970s and haven't stopped since. Australians have big feet, the eighth largest in the world.

## South Sydney councils' climate change coalition surveys householders to calculate regional emissions

10

Householders in Sydney's south region were being asked to provide information about their energy usage to measure regional emissions, reported *The Daily Telegraph* (25/9/2004).

**Survey to measure region's emissions:** The Household Energy Survey was being

distributed by the councils of the Southern Sydney Regional Organisation of Councils (SSROC) Cities for Climate Protection. The purpose of the survey was to provide information about residential energy use and behaviour. This would provide valuable data to measure the region's greenhouse gas emissions.

**What the survey asks:** The survey first asked the question about private transport: what types of vehicles does a household use regularly? It asked about the nature of the vehicle and how far it travelled each year. It asked whether it had airconditioning and the year of its manufacture. If people took public transport, it asked about how many trips members of the household made a week.

**Water systems under the spotlight:** The survey wished to find out about what type of hot water service is used and does a household own a dishwasher. It wanted to know about the washing machine and whether it used hot or cold water. It asked about how many baths and showers were taken by the household in a typical week.

**Refrigeration, heating, cooling, cooking:** The survey wanted to know about the nature of heating and cooling, refrigeration and cooking, lighting and clothes drying. It asked about other household appliances and recycling and composting.