



### WA bans bad air-con, lights, fridges and transformers: saves \$600 million in fuels

**1** Legislation was introduced in November to ban the manufacture or importation of air conditioners into Western Australia that do not meet minimum energy performance standards, according to a statement by Western Australia's Sustainable Energy Development Office (25/11/2004).

**Preventing product dumping:** The rules would force manufacturers to:

- make products more energy efficient; and
- prevent the dumping of cheap, inefficient products into Australia.

**Applies to many different products:** The latest minimum energy performance standards also applied to:

- linear fluorescent lamps;
- fluorescent lamp ballasts;
- commercial refrigeration cabinets (such as those used to display food in supermarkets); and
- electricity supply system transformers.

**National efficiency program:** The minimum energy performance standards were part of a national program to work with manufacturers to make equipment more energy efficient. The National Appliance and Equipment Energy Efficiency Program also included:

- star rating labels; and
- a national strategy to reduce equipment standby power consumption.

**WA to cut emissions by 10m t/yr:** As a result of the program, Western Australia was expected

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**week in brief**

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**Demand side fairies:** In a massive cultural shift - a sort of epidemic - demand side was suddenly a must-do; Western Australia banned imports of bad air-con, lights, fridges and transformers: this would save \$600 million in fuels.

**Energex promotes DIY solar:** Businesses were asked to sell excess power back to the network as yes - Energex researched consumers' attitudes to demand management.

**DIY fuel cells arrive:** Who needs the big, bad grid when you can go offgrid? A Powerco agreement with the Australian firm Ceramic Fuel Cells was to trial a new fuel 1kW and hot water cell energy systems for households in New Zealand.

**WA schools get DSM drivers:** Schools can save up to 30pc of energy costs, said Western Power: a free kit was available. (A big turnaround from the days when it sold air con to increase demand and thus, revenue; and then ha, ha, ran out of fuel and blacked the state.)

**Country Energy goes DSM:** DSM efforts by Country Energy won a gong.

**DIY gen encouraged in Tas:** Tas Regulator & Aurora had

encouraged small-scale green generators with simplified licensing and approval system.

**Qld Government acts at last:** In a new law, from 1 January, 2005, a new Code required Energex and Ergon to meet reliability rules and pay-up for stuff-ups. But the Minister was still the regulator. Hasn't he got enough to do dealing the slings and arrows of an outrageous Opposition and those angry North Qlders (now out buying generators to DIY, after government added a \$22 tax per meter to pay for a failed Ambulance business). Doh! It's like Homer in charge of a nuclear power plant. But top marks to John Mickel for a new law that changed the Energex and Ergon rorts into some semblance of a consumer service. Let's hope there's more to come from Mickel to shape Qld electricity rules to avoid the continual plague of political rorts and commercial rorts which surround the Ergon and Energex fixed-price monopoly businesses with their nice CPI tariff rise each year and wirily-bird merry-go-round of subsidies and cross subsidies. We suggest Mickel invites Vic and SA regulators - John Tamblyn and Lew Owen - over for lunch. Mickel may get a fresh outlook on life. He'd get the Opposition off his back for sure. Make the regulator take the heat, that's the trick.

**SA retail prices up 32 per cent:**

The average SA small residential bill in 2003/04 at \$1090, up 13.5pc on previous year, said ESCOSA. The Rann Govt had "botched" SA's entry into national electricity market, said the Opposition as summer retail prices rose 32 per cent. The business average price was 10.5 cents a kilowatt hour - 7.8c/kWh less than for small residential customers.

**Who switched:** The 134,000 small customers on market contracts at 30 June represented 18pc of total SA market, says ESCOSA report, driven by the \$50 State incentive.

**Lever to move the world:** One third of SA's small electricity customers - or more than 240,000 households - switched retailer switch with the aid of a \$50 incentive. Fresh levers were announced to get competition moving.

**SA consumers get tariff cut:** ESCOSA was to slash average residential power bill by \$55 per year, much to the dismay of ETSA and AGL. The Rann Govt claimed the ESCOSA price cut vindicated its anti-privatisation stance, and blamed the Liberals for electricity pricing pressure. The SA Energy Minister offered aid to poor people disconnected from electricity grids

on peak summer heat, for non-payment. ESCOSA was under pressure to keep electricity price increases to a bare minimum, despite retailer demand for CPI-level growth.

**Monopoly SA distributor unhappy:** ETSA blasted the latest ESCOSA pricing decision. Distributors "were forced to do more, but with \$10m less revenue". The regulator was to focus on "40 worst feeders" as part of strategy to improve SA reliability performance delivers improved result, says ESCOSA.

**New data from SA:** The Essential Services Commission of SA was to provide new monthly retail stats.

**More sales of NSW State assets:** Energy Australia announced \$178 million profit to June and planned a joint venture with International Power.

**More frequent & severe storms:** Premiums were set to rise, warned IAG as natural disasters costs were up \$US10bn from last year.

**SA retailers get audit:** ESCOSA appointed Deloitte Touche Tohmatsu for initial electricity compliance audits on FRC compliance by retailers.

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to save more than 10 million tonnes of carbon dioxide emissions and \$600 million dollars in energy costs between 2003 and 2018.

**Further information contact: Pat Smith (08 9420 5618) at the Sustainable Energy Development Office.**

## Energex promotes DIY solar: Businesses asked to sell excess power back to network

**B**risbane businesses would be urged to take up solar power as part of a push to ease the load on the troubled southeast Queensland electricity network, according to *The Courier-Mail* (27/11/2004, p. 2).

### **Encouraging switch to self-generation:**

Energex would use the peak summer demand period to promote energy reduction in the business community and to encourage more businesses to switch to self-generation.

**Free solar systems for best proposals:** It was also understood to be considering offering free solar systems to businesses with the best power-saving proposals. Energex's solar systems cost up to \$38,000, with the largest producing nearly three kilowatts of power. Businesses could sell excess power back to the network.

**Energex denies summer campaign:** An Energex spokesperson denied there were plans for a specific campaign promoting solar power to businesses over summer. But she said the company did offer solar systems as an option to its business clients.

## Energex researches consumers' attitudes to demand management

**E**nergy limits would not be forced upon Queenslanders like water restrictions were, Energex boss Gordon Jardine said, according to *The Courier-Mail* (26/11/2004, p. 7).

**Focus groups quizzed:** Despite asking focus groups if they would be prepared to change the time they used certain appliances, Jardine said there were no plans to force consumers to use electrical goods at certain times of the day.

**Examining consumer attitudes:** For the past month Energex has undertaken market research to identify consumer attitudes towards energy efficiency and consumption. Eight focus groups, each with eight members, were asked to reveal whether:

- they would change the time they operated electrical goods "if it was worth their while";
- if they would take notice of energy meters;
- what they knew about preserving efficiency and
- when they used most of their energy.

**No comment on results:** Jardine said the research, to continue throughout summer, was in its infancy and he could not comment on the findings. He said the findings would be passed on to the Government and some could be adopted to help the energy provider.

## Powerco signs agreement with Ceramic Fuel Cells for NZ energy systems trial

**P**owerco confirmed last week it had signed an agreement with Australian firm Ceramic Fuel Cells to trial new fuel cell energy systems in New Zealand, according to *The Canberra Times* (27/11/2004, p. b14).

**\$130m of R&D finally gets to field trial:** The field trial agreement came after 12 years of fuel cell research and development by Ceramic, which cost it some \$130 million. The fuel cell being trialled converted natural gas to electricity, delivering both 1kW of electricity and enough hot water for the average home.

## Schools can save up to 30pc of energy costs, says Western Power: free kit available

**W**estern Power recently updated its Energy Saving Kit For Schools, which was now available free of charge on the Internet, according to a statement by Western Australia's Sustainable Energy Development Office (25/11/2004).

**Thousands of dollars cut from bills:** The purpose of the kit was to help schools reduce energy consumption and greenhouse gas emissions. According to Western Power, up to

30 per cent of energy use could be saved each year by using the kit, savings schools hundreds, and in some cases, thousands of dollars that can then be used to fund other school programs and equipment. Kit available free on the web: A copy of the kit is available on the World of Energy website.

**Reference:** Further information is also available by contacting Graham Horne (08 9430 5655) at the World of Energy.

## DSM efforts by Country Energy and DEUS, win gong

**C**ountry Energy took centre stage last week to accept a major award at the Energy and Water Green Globe Awards for a unique demand management pilot project, which was set to provide a nationwide energy industry precedent, according to a statement from Country Energy (29/11/2004).

**Award recognises energy efficiency:** The award for Demand Management Energy Smart Utility recognised Country Energy's commitment to realising the benefits of energy efficiency. Managing director Craig Murray said the Green Globe Award confirmed Country Energy's commitment to demand management and recognised the success of the pilot project in the State's south east, which was a first for New South Wales.

**Network expansions deferred:** "There are multiple benefits:

- residents save on their power bills;
- demand on our network is relieved and
- greenhouse gas emissions are reduced", he said.

The project was being carried out in the neighbouring rural communities of Binda and Bigga - near Crookwell - and the aim was to defer costly network expansion works by encouraging customers to switch fuels and become more energy efficient.

**Gas appliances replaced:** "One of the most rewarding aspects of the project was supplying customers with almost 100 gas appliances at discounted rates, to replace old and inefficient appliances. This substantially reduced demand for electricity and saved around 80 tonnes of greenhouse gas emissions," Murray said.

**Collaboration with NSW Govt:** Throughout the pilot project Country Energy has worked with the Department of Energy, Utilities and Sustainability (DEUS) on initiatives such as:

- energy audits of local homes;
- community forums to raise awareness of energy efficiency solutions;
- replacing regular incandescent light globes with longer lasting, less energy intensive compact fluorescent globes;
- encouraging the use of alternative fuel such as gas for heating and cooking.

**Reference:** For more information on Country Energy's environmental initiatives visit the website. <http://www.countryenergy.com.au>

## Tas Regulator & Aurora encourage small-scale green generators with simplified licensing and approval system

**T**here was continuing development in the Tasmanian generation sector, not all of which required licensing, according to the Office of the Tasmanian Energy Regulator's *2003-04 Annual Report* (October 2004).

**25 small solar installations:** Approximately 25 photovoltaic installations were connected, or about to be connected, to the grid. These did not require licensing as they were below the 7.46kW licence threshold (typically 1 to 1.5 kW). Nevertheless, small installations of this type could have localised power quality effects and were therefore required to comply with the relevant schedules of the Code.

**Aurora encouraging developments:** Aurora has been active in facilitating these small installations. It has developed a suite of procedures, technical guidelines and forms to enable easy management of enquiries, applications and connections for all types and sizes of embedded generation. Application fees reflected the upfront system impact studies and system development activities required to facilitate the connection.

**Also keen on wind:** Aurora has taken a similar facilitative approach to small-scale wind generation.

**Other green projects:** The industry was observing continued diversity in the technologies used in the generation of power in addition to wind and gas-fired generation. Publicly announced projects included:

- generation using waste heat from ore-smelting; and
- generation fuelled by wood and other green waste.

**Encouraging expansion:** While these were small installations, it was hoped that the number would expand over time and that they would cumulatively make a significant contribution to Tasmania's energy needs. Both Aurora and the Office of the Tasmanian Energy Regulator monitored progress in this regard and ensured that the entry of marginal generators was facilitated.

**Reference:** Office of the Tasmanian Energy Regulator, annual report 2003-04. (1 October 2004).  
**Address:** 5th Floor, 111 Macquarie Street Hobart, 7000, Tasmania. **Phone:** (03) 6233 5666, **Email:** office@energyregulator.tas.gov.au, **Website:** http://www.energyregulator.tas.gov.au

## New Qld law makes Energex and Ergon pay for stuff-ups

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Legislation passed by Queensland Parliament would enable new, compulsory service standards to be introduced for electricity customers from 1 January next year. "The standards will be detailed in an Industry Code and will ensure that Energex and Ergon Energy are focused

on meeting the needs of their customers," Energy Minister, John Mickel said, according to a statement by the Queensland Government (24/11/2004).

**Standards cover stuff ups:** Mickel said: "The service standards will cover situations such as wrongful disconnections, being late for appointments and situations where customers are not given a specified numbers of days' notice of planned outages."

**Rebates for inconvenience:** Under the legislation the Industry Code would be introduced in two stages. Firstly, from 1 January 2005 *Guaranteed Service Levels* would be introduced providing for rebates in instances such as:

- wrongful disconnections;
- missed connection deadlines;
- reconnections, hot water faults;
- being late for appointments; and
- failure to notify customers of planned outages within a specified timeframe.

**Rebates for repeated outages:** Secondly, from 1 July 2005 *Guaranteed Service Levels* would be introduced which provide for rebates:

- if non-contestable customers (domestic and small business) experience more than a specified number of outages in a year; or
- if a non-contestable customer experiences an outage that lasts longer than a specified period.

**Stay tuned for updates:** Energex and Ergon Energy would also be required to publish Network Management Plans, the first of which must be finalised next month, to keep customers informed about network management and development.

**Contact:** Anne Syvret 3225 1819.

## Rann Government "botches" SA's entry into NEM, as retail prices soar: Opposition

Opposition electricity spokesman Wayne Matthew said the issue of electricity prices was not about privatisation but how the Rann Government had "botched" SA's entry into the national electricity market, according to *The Advertiser* (30/11/2004, p. 5).

**Vic could do it:** "Victoria has privatised electricity and their government has locked in price cuts totalling 5.6 per cent by December, 2007. "National market entry should have added no more than 10 per cent to power costs, not the 32 per cent in summer peak charges the Government agreed to."

### Data on Demand

CSV files are available, for whole year data sets at [www.erisk.net/DOD](http://www.erisk.net/DOD) (data on demand service) for revenue by unit, emissions, and general NEM data. Pay by download using a credit card.

## ETSA blasts latest ESCOSA pricing decision: Distributors forced to do more, but with \$10m less revenue

**E** TSA Utilities chief executive Basil Scarsella said the utility was “surprised and disappointed” with the recent power pricing decision by the Essential Services Commission of South Australia. Scarsella said the draft determination meant ETSA was now expected to “do more with less”. The utility has been asked to spend an average of \$65 million more on its distribution network per year with an average \$10 million a year less revenue, according to *The Australian* (1/12/2004, p. 7).

## Av SA small residential bill, up 13.5pc to \$1090: ESCOSA

**T** he average annual residential bill increased to \$1090 a year in 2003/04, which represented a 13.5 per cent increase (10.2 per cent real after adjustment for inflation) over the previous year, the Essential Services Commission of South Australia (ESCOSA) said in its annual report on the performance of regulated electricity businesses.

**25.7 per cent up on 2001/02:** ESCOSA said this also represented a 25.7 per cent increase (17.3 per cent real) on the average bill for

2001/02. The average annual bill was influenced by changes in both price and consumption.

**Big 2003 price rise reflected:** Even though the only increase in AGL SA standing contract prices that occurred during 2003/04 was an average 1.7 per cent increase introduced from 1 July 2003, the 2003/04 increases also reflected the full year flow through of the January 2003 price increases.

**Average 18.3 cents a kilowatt hour:** The 2003/04 residential average price increased to 18.3 cents a kilowatt hour (c/kWh) which represented a 13.8 per cent rise (10.5 per cent real) over the previous year. This also represented a 28.3 per cent increase (19.7 per cent real) over the 2001/02 average price (i.e. the financial year immediately before the 1 January 2003 price increase).

**How averages are derived:** ESCOSA said the average price and average bill calculations were derived from the revenue billed figures provided by retailers. These revenue figures were net of the State Government electricity pensioner concession, which was increased from \$70 to \$120 a year on 1 January 2004.

**Moderating impact:** It would be expected that such an increase would have some moderating impact on the average price and average bill increases reported. However, given the timing of the increase late in the financial year, the full impact will not show until 2004/05.

**Full impact not shown:** Similarly, a significant transfer to cheaper market contracts should have a moderating impact on the average price and average bill increases recorded. However, as most of the significant transfer activity took place towards the end of 2003/04, once again the full impact will not show until 2004/05.

**Reference: Report by Essential Services Commission of South Australia on “Performance of regulated electricity businesses. 2003/04 Annual Performance Report”. 25 November. Address: 8th floor, 50 Pirie Street, Adelaide. SA. 5000. GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>**

## SA all business average price drops 3.7pc to 10.5 c/kWh, 7.8c/kWh less than for small residential customers

**T** he 2003/04 all business average price fell to 10.5 cents a kilowatt hour (c/kWh), which was 7.8 c/kWh less than for small residential consumers, according to figures in the Essential Services Commission of South Australia (ESCOSA) annual report on the performance of regulated electricity businesses.

**Drop of 3.7 per cent:** This represented a 3.7 per cent decline (6.5 per cent real after adjustment for inflation) over 2002/03 and a 1.4 per cent decline (8.0 per cent real) over the 2001/02 average price.

**13.2 c/kWh overall average:** The combined 2003/04 average price for all electricity customers (residential and business) was about 13.2 c/kWh, a 4.2 per cent increase (1.1 per cent real) over 2002/03.

**Overall average down on 1989/90:** ESCOSA said this total average electricity price was 5.9 per cent lower than the 1989/90 average price in real terms, demonstrating that the average price had fallen over this period of major reform of the electricity industry (although it had increased in each of the past four years, including the GST impact in 2000/01).

**No comparison with small customers:** The ESCOSA report did not compare the average electricity price for small customers in 2003/04 with the 1989/90 real average price for these customers.

**Prices up for small businesses:** ESCOSA said that although business prices overall declined, the 2003/04 small business average price increased to 17.1 c/kWh, which represented a 9.8 per cent increase (6.6 per cent real) over the previous year. This also represented a 17.6 per cent (9.7 per cent real) increase over the 2001/02 small business average price.

**Reference:** Report by Essential Services Commission of South Australia on "Performance of regulated electricity businesses. 2003/04 Annual Performance Report". 25 November. Address: 8th floor, 50 Pirie Street, Adelaide. SA. 5000. GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>

## Focus on "40 worst feeders" to improve SA reliability performance delivers results, says ESCOSA

**A** key strategy in trying to improve reliability performance in 2003/04 was to focus on the "40 worst feeders", the Essential Services Commission of South Australia (ESCOSA) said in its annual report on the performance of regulated electricity businesses.

**Significantly better:** ESCOSA said the measured performance of the 40 worst feeders in the ETSA Utilities network or the year ending 31 March 2004 was significantly better than the baseline targets established for this group of feeders, as well as the measured historical performance.

**Fluctuating performance:** However, reliability performance for 2003/04 was inferior to the performance levels of 2001/02. Since 2000/01, reliability performance had fluctuated each year, with performance impacted by weather.

**2003/04 average year:** There was no clear evidence to suggest that the underlying reliability performance of the network had altered over this period, and 2003/04 appeared to have been an average year for reliability performance of the distribution network.

**Speed of restoration:** ESCOSA said that once an interruption had occurred, then the

speed with which supply was restored was important. ETSA Utilities met the service standards for time to restore supply in 2003/04, apart from those applying to customers in the remote region.

**Reference:** Report by Essential Services Commission of South Australia on "Performance of regulated electricity businesses. 2003/04 annual performance report". 25 November. Address: 8th floor, 50 Pirie Street, Adelaide. SA. 5000. GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>

## ESCOSA to provide monthly retail stats

**T**he Essential Services Commission of SA in its *Full Retail Contestability (FRC) Monitoring Final Decision paper Monitoring the Development of Energy Retail Competition in South Australia, Final Decision* advised that it

- would move to releasing six-monthly substantive *FRC Monitoring Reports* (September and March) for all residential customers and those business customers with an annual consumption of less than 160MWh (electricity) and 1TJ (gas); and
- intended to commence the routine reporting of monthly electricity and gas transfer statistics.

This Schedule provides the most recent small customer transfers to market contract statistics. A small customer refers to all

residential customers and those business customers with an annual consumption of less than 160MWh (electricity) and 1TJ (gas).

**Contact:** Essential Services Commission of SA, ph: (08) 8463 4444, fax: (08) 8463 4326, email: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au) website: <http://www.escosa.sa.gov.au>

## More than 240,000 SA households switch retailer: fresh subsidies announced

**T**he Rann Government has moved to provide assistance to South Australians - especially elderly South Australians - who were at immediate risk because they were struggling to pay their electricity bills. This included increasing the electricity concession by 70 per cent, according to a statement by the South Australian Government (26/11/2004).

**Compassionate Government:** Minister for Energy Patrick Conlon has written to welfare and community groups asking for urgent details of people whom they believe need assistance. Conlon said the Government was concerned about the plight of many South Australian families who were experiencing hardship because they were struggling to pay their power bills.

**Reconnection rates:** The Government also revealed figures that show most consumers who have their electricity disconnected are re-connected within 24 hours. Conlon said, "I've been advised by retailer AGL that according to

their customer samples, around 87 per cent of customers who have their electricity disconnected have their power re-connected within 24 hours, while a further 10 per cent of disconnected customers are re-connected within 48 hours."

**Over two days wait:** "This would indicate that around 420 households have their power disconnected for longer than two days. This figure would include people who have moved house without advising their electricity retailer, or re-connected with a competitor."

**Encouragement to join cheap contracts:** Conlon said that, "The Government also provided a further \$50 payment to 80,000 low income households that switched to lower priced electricity contracts. The ESCOSA data shows that at the end of October, one third of the State's small electricity customers - or more than 240,000 households - have switched to lower priced market contracts. That's the highest take-up rate in Australia."

**Refutes disconnection record claims:** "Further, our energy audit program is assisting 10,000 needy households." Conlon has also refuted claims the disconnection figures released as part of this week's ESCOSA annual performance report were at "record" levels. "The claims made by the Liberals and others are clearly wrong. The records show that in the 1996-1997 financial year - when Dean Brown was Premier - more than 23,700 people had their electricity disconnected. And there were also more than 13,000 disconnections the following financial year."

## Tuesday, 30 November: blackout for 700 homes in as Sydney cable fails

**A** fault in a high voltage underground cable on 30 November blacked out more than 700 Sydney homes for more than two hours, according to *The Daily Telegraph* (1/12/2004, p. 15).

**Cable fault:** Residents in parts of Homebush were affected by the power cut after a fault in a cable at Flemington about 9.15pm. An EnergyAustralia spokesperson said a repair crew had to locate the fault between two substations before the power could be restored. "It takes some time to actually locate the fault. But it [the cable] doesn't need to be replaced," he said. There was no suggestion the power cut was heat related.

## ESCOSA to slash average residential power bill by \$55 per year, to utilities dismay

**P**ower bills in South Australia have been slashed by about \$55 a year in response to a sustained community backlash to the state's escalating energy prices, according to *The Australian* (1/12/2004, p. 7).

**Consumers outraged by previous rises:** Power prices jumped 25 per cent last year,

making energy in South Australia the most expensive in the country. It sparked a wave of anger towards the Essential Services Commissioner, Lew Owens, and the Rann Government, which vowed in the 2002 election to cut costs to consumers.

**Average saving of \$55 per year:** A much-anticipated review of power prices by Owens and two government appointed commissioners revealed this week that prices would fall by up to 5 per cent, or about \$55 a year, on the average residential power bill.

**Reducing problems for vulnerable:** Owens said it was hoped the determinations would go some way to reducing the impact of power costs on vulnerable customers. "The overall impact for these proposed changes for standing contract residential consumers will be a small price increase in January 2005, followed by a large price reduction from July next year," said Owens.

**State by state comparison:** South Australians last year paid 17.8c a kilowatt hour compared with 10.4c in NSW, 11.6c in Queensland, 13.8c in Western Australia and 14.2c in Victoria.

**AGL & ETSA wanted big increases:** Monopoly retailer AGL and Hong Kong-owned distributor ETSA Utilities had sought substantial price increases to cover costs.

**What AGL got:**

- AGL retail customers would see an increase in price from January 1 of 1.2 per cent - or about 25c per week; and

- in the following three years AGL's price will increase by 1 per cent below the rate of the Consumer Price Index (CPI), one-third of what it originally had sought.

**ETSA losing money:** ETSA Utilities, whose network charges accounted for roughly half of consumers' electricity costs, had asked for an increase in funding of \$35 million a year - equal to an 8 per cent rise on current charges. Instead, charges would fall by 6 per cent from July next year. Each year following would see charges rise by 1.3 per cent below the rate of inflation.

## SA Govt claims ESCOSA price cut vindicates anti-privatisation stance, blames Liberals for electricity pricing pressure

**T**he Rann Government claimed the electricity price cuts announced by the Essential Services Commission of South Australia (ESCOSA) vindicated its criticism of the \$3.4 billion privatisation of ETSA Utilities, according to *The Australian* (1/12/2004, p. 7).

**Prices still higher than before privatisation:** "A lot of people won't be happy because it's not as much as electricity went up by in privatisation, but it does give us a way ahead," Energy Minister Pat Conlon said.

**Liberal Party under fire:** Conlon criticised the Liberal Opposition, which failed to make a

submission to the price review and oversaw a privatisation process in government that locked in automatic high returns for ETSA Utilities for five years without a right of review.

**Good news for low-income earners:** "What we see here today is the vindication of what we've been saying, what the commission has been saying, what welfare groups have said - and that is that privatisation savaged South Australians," he said. The executive director of the South Australian Council of Social Services, Karen Grogan, said she was "very happy" with the outcome.

## SA Energy Minister offers aid to poor people disconnected from electricity grids on peak summer heat for defaulting

**S**outh Australian Energy Minister Patrick Conlon last week said the Government had moved to help people - particularly the elderly - at risk of power disconnection due to difficulties in paying power bills, as reports indicated disconnections had increased, reported *The Advertiser* (27/11/2004, p. 2).

**Power disconnections:** Power pricing has re-emerged as a major political issue this week, with reports of increased disconnections for unpaid bills. Opposition energy spokesperson Wayne Matthew said anything less than a 10 per cent cut was not acceptable.

**Government response:** Conlon said he had written to welfare and community groups asking for urgent details of people they believe need assistance.

## SA: ESCOSA under pressure to keep electricity price increases to a bare minimum, despite retailer demand for rises

**E**lectricity price increases were expected to be kept to a minimum when new prices were announced this week, according to *The Advertiser* (27/11/2004, p. 2). Essential Services Commissioner Lew Owens would unveil prices for the next three years on 30 November.

**Retailer wants CPI increase:** South Australia's largest electricity retailer, AGL, has sought price increases in line with the Consumer Price Index, which would result in the average annual power bill rising \$27 a year.

**ESCOSA under pressure:** But Owens was under pressure from business, the public and the State Government to keep increases to a minimum.

### Two sides of the argument:

- Business SA chief executive Peter Vaughan said power prices had to be kept low to retain the state's competitive commercial advantage; but

- AGL general manager Sandy Canarle said that "the cost of supply has to reflect the cost we incur in providing that electricity to our customers".

## NSW: Energy Australia announces \$178m profit to June, as IPP joint venture looms

**N**SW government-controlled Energy Australia was believed to be finalising a deal to sell its non-NSW retailing interests into a joint venture with International Power Plc (IPP), which operated the Hazelwood and Pelican Point power stations in South Australia and Victoria, as the NSW retailer reported a \$178 million net profit to June, reported *The Sydney Morning Herald* (30/11/04, p. 22). It was expected that Energy Australia would sell:

- its non-NSW retailing interests; into
- a joint venture with IPP (which operated the Hazelwood and Pelican Point power stations in Victoria and South Australia, respectively).

**Interstate acquisitions:** IPP was finalising the acquisition of Edison Mission Energy jointly with Mitsui and Co, giving it control of Loy Yang B power station, also in Victoria, and Synergen in South Australia. Electricity traders said Energy Australia had traditionally been close to Hazelwood, which might be the contractual supplier of much of its electricity needs outside of its home base in NSW.

## NSW farmers still using unleaded or diesel generators as back-up electricity source

**F**armers were still using unleaded or diesel generators as a back up electricity source for shearing sheds connected to permanent power, with many opting for generators with a 7.5 kVA capacity or greater, according to *The Land* (19/11/2004, p. 47).

**Generator usage:** Generators, either powered by unleaded petrol or diesel, were one of the most useful tools of the trade in agriculture, with many farmers using one as some form of remote area power.

**Shearing & irrigation:** While many shearing sheds were connected to a permanent power source these days, generators were often on hand to provide a back up electricity source - and the cost of installing permanent power for pumps or to power centre pivot irrigators could make generators an attractive alternative.

**Power capacity:** Many farmers opted for generators with a 7.5 kVA capacity or greater which provided enough electricity to power a welder, however, smaller generators could be used for camping trips to provide a power source and tiny generators at 850 watts would drive small power tools.

## Flat SA consumption suggests limited response to high price rises of January 2003: ESCOSA

The relatively flat residential average consumption trend over the period 2001/02 to 2003/04 suggested there had only been a limited consumption response to the high residential electricity price increases of January 2003, the Essential Services Commission of South Australia (ESCOSA) said in its annual report on the performance of regulated electricity businesses.

**Higher prices coincide with FRC start:** ESCOSA said the 2003/04 financial year was the first financial year that incorporated the full impact of the significant price increases for small consumers that occurred on 1 January 2003, which coincided with the introduction of full retail contestability (FRC) in the electricity retail market.

**Lower than peak of 2000/01:** Average residential consumption had remained significantly lower over the past three years than the peak recorded in 2000/01, which was presumably influenced by the extremely hot summer in that year.

**Small drop in consumption:** Based on retailer statistical returns, the average annual residential consumption recorded a small decline in 2003/04 of 0.3 per cent, from the previous year.

**Average real residential price up:** ESCOSA said the average real residential price continued to increase in 2003/04, and the separation in residential and business prices, as reported in ESCOSA's 2002/03 performance report, continued to widen.

**How average is derived:** The average consumption indicator was derived by dividing total annual sales (consumption) billed to customers by customer numbers.

**Reference: Report by Essential Services Commission of South Australia on "Performance of regulated electricity businesses. 2003/04 Annual Performance Report". 25 November. Address: 8th floor, 50 Pirie Street, Adelaide. SA. 5000. GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>**

## ESCOSA appoints Deloitte Touche Tohmatsu for initial electricity compliance audits on FRC compliance by retailers

The Essential Services Commission of South Australia (ESCOSA) has appointed Deloitte Touche Tohmatsu for the initial conduct of regulatory compliance audits in the electricity sector.

**Open tender process:** The appointment follows the implementation of a compliance audit framework that was the subject of ESCOSA's final decision entitled "Electricity Compliance Audit Framework" issued in

September 2004. The appointment was made following an open tender process completed in October 2004.

**What is being audited:** ESCOSA said the compliance areas being audited were:

- compliance with full retail contestability (FRC) obligations by licensees retailing to small customers; and
- compliance with performance reporting obligations by licensees, pursuant to ESCOSA's Electricity Industry Guideline No. 1 and Energy Industry Guideline No. 2.

**Completion in January and March:** ESCOSA said the audit work was expected to be completed by January 2005 and March 2005, respectively.

**Reference: Announcement by Essential Services Commission of South Australia (ESCOSA) on electricity compliance audits. 17 November, Address: 8th floor, 50 Pirie Street, Adelaide. SA. 5000. GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>**

## 134,000 small customers on market contracts represent 18pc of total SA market: ESCOSA

Between the end of October 2003 and the end of June 2004, the number of transfers of small customers to electricity market contracts increased by 123,500 to 134,000, or 18 per cent of the

740,000 small market base, the Essential Services Commission of South Australia (ESCOSA) said in a report on the performance of regulated electricity businesses for 2003/04.

**Rebate scheme the driver:** In the executive summary of its report, ESCOSA said the main reason for this substantial growth was the State Government's electricity transfer rebate (ETR) which expired on 13 August.

**10,000 rush to switch:** ESCOSA said full retail contestability (FRC) began in January 2003, but did not really develop momentum until October 2003. At the end of October there were 10,500 transfers of small electricity customers to market contracts, which represented about 1.4 per cent of the 740,000 base.

**Another 20,000 being transferred:** ESCOSA said that at the end of June another 20,000 small electricity customer transfers were in progress representing about 3 per cent of the base.

**Two retail licences issued:** Since publication of the 2002/03 annual performance report, retail licences were issued:

- to Aurora Energy; and
- to International Power; while licences held:
- by ActewAGL Retail; and
- by Tarong Energy were surrendered.

**Significant entry:** While there had been no change in the overall number of retail licence

holders from that reported last year, ESCOSA said it regarded as significant that two new retailers entered the South Australian market during 2003/04.

**Five offering market contracts:** AGL SA, Origin Energy and TXU sold electricity to small customers across the entire year, while newcomers Powerdirect and EnergyAustralia had no small customers until the March 2004 quarter. There were now five retailers actively offering electricity market contracts to small customers in the state.

**Reference: Report by Essential Services Commission of South Australia on "Performance of regulated electricity businesses. 2003/04 Annual Performance Report". 25 November. Address: 8th floor, 50 Pirie Street, Adelaide. SA. 5000. GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>**

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## energy daily

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Average prices up 1-5pc to 28.24-\$33.77/MWh range on firmer demand as temps rise

Average prices rose 1-5 per cent to a \$28.24-\$33.77/MWh range as system-wide maximum demand up 77MW (0.3 per cent) to 22,600MW. Top price of the day was the \$40.00/MWh in South Australia for the 30-minute trading interval around 15:00EST. South Australia remained average price leader with Queensland the runner-up. Top temperatures in the four NEM zones were higher at 30 degrees in Adelaide, 28 degrees in Brisbane, 21 degrees in Melbourne and 20 degrees in Sydney.

Livmore SVC woes continue: NEMMCO advised a market notice at 07:00EST on Wednesday, 10 November that an unexpected outage of the Livmore static var compensator (SVC) had reduced the transfer limit from 300MW to 150MW. It was constant bid NLS, SVC was tripped from 07:00EST until further notice. In an update at 12:00EST, NEMMCO advised that the Livmore SVC had returned to service, the Q&A transfer limit was cancelled and the constant bid NLS, SVC was tripped from 07:00-12:00EST. This outage followed an earlier unannounced outage of the Livmore SVC that caused NEMMCO to revoke the same constant bid from 01:10-04:00EST. There were also two unannounced outages of the Livmore SVC from 11:25-20:00EST on Monday and early on Tuesday morning.

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Zone	High	Low	Avg	Peak	Min
NSW	\$23.19	\$19.81	\$22.2	\$26.0	\$20.0
QLD	\$21.19	\$17.94	\$20.0	\$23.0	\$16.0
SA	\$40.00	\$28.24	\$33.77	\$37.0	\$29.0
VIC	\$20.00	\$16.94	\$18.48	\$22.0	\$15.0
WA	\$21.00	\$18.00	\$19.50	\$23.0	\$17.0

Today in detail

- NEM: Average price \$29.01/MWh, up 2 per cent on the \$28.44/MWh of Tuesday, up 77 per cent on the \$16.40/MWh of the comparable Wednesday last year; maximum price \$33.00

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