



Submission to  
The Australian Energy Regulator (AER)

From UnitingCare Australia

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*UnitingCare Australia is the national body for social services in the Uniting Church in Australia, supporting service delivery and advocacy for children, young people, families, people with disabilities, and older people*

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## UnitingCare Australia

UnitingCare Australia is the national body for the UnitingCare Network, one of the largest providers of community services in Australia. With over 1,600 sites, the network employs 39,000 staff and is supported by the work of over 28,000 volunteers. We provide services to children, young people and families, Indigenous Australians, people with disabilities, the poor and disadvantaged, people from culturally diverse backgrounds and older Australians in urban, rural and remote communities.

UnitingCare Australia works with and on behalf of the UnitingCare Network to advocate for policies and programs that will improve people's quality of life. UnitingCare Australia is committed to speaking with and on behalf of those who are the most vulnerable and disadvantaged, for the common good.



## Current Context

In energy policy discussions, Uniting Care Australia's main objective is to ensure that energy prices by end consumers are fair and reasonable and that any regulatory proposals ease cost pressures on lower income and disadvantaged people. UnitingCare Australia emphasises that it sees this objective as central to the National Energy Objective.

## National Energy Objective

The starting point for both network businesses lodging their regulatory proposals and for the Australian Energy regulator (AER) must be the National Electricity Objective as set out in the National Electricity Law. The Objective , is to -

"promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to -

(a) price, quality, safety, reliability and security of supply of electricity; and

(b) the reliability, safety and security of the national electricity system"

The application of this objective is crucial, now more than ever, because of the financial pressure on households from current, high energy costs and because it is unlikely that widespread amelioration of lower income household bills will come from any other source, including concessions.

Over the last six years, electricity prices have been rising, doubling in real terms for many households whose incomes have declined. Figure 1 shows the electricity price rises for Australian jurisdictions.



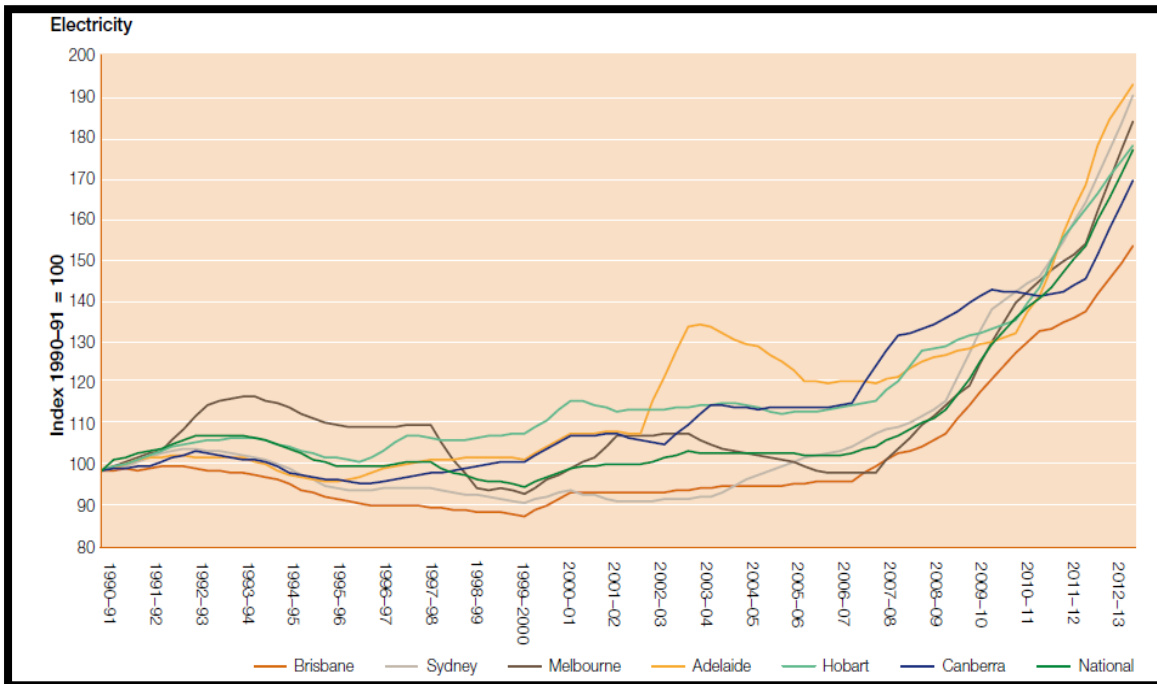


Figure 1: Electricity price indexes for Australian jurisdictions, 1990-91 = 100  
 Source: Australian Energy Regulator, State of the Energy Markets report, 2013

Total annual energy costs for lower income households, as a proportion of household income has risen for each jurisdiction over the past 2 years, and is now around three to five per cent in the ACT and NSW. We know from our financial counselling, emergency relief and other services, that there are also households paying dramatically more than these average expenditure levels.

## Consumer behaviour in the energy market

NSW and ACT distribution network service providers (DNSPs) state that they are engaging with consumers, who they say are happy with the reliability of their electricity supply. They conclude that their costs are efficient, and recommend continuation of current arrangements, plus CPI.

Our experience and evidence around what consumers are doing in response to higher electricity prices, is that:

- More people are being disconnected from supply
- Growing numbers of consumers are installing solar PV to avoid network costs
- Households report increasing energy stress, with more people affected by rising prices, and a 'deepening' of energy stress for some groups of consumers.
- Growing numbers of customers are on hardship programs
- There are more complaints from energy consumers; and

- People are using less energy.

We now consider each of these behaviours in turn.

## More people being disconnected from Supply

Figure 2 shows reported disconnections due to inability to pay. While disconnections data is likely to be variable over time, due to different collections processes employed by businesses, and other varying factors, the trend for electricity disconnections is rising in all mainland states. In these jurisdictions, more people were disconnected for inability to pay in each year of the most recent distribution regulatory periods.

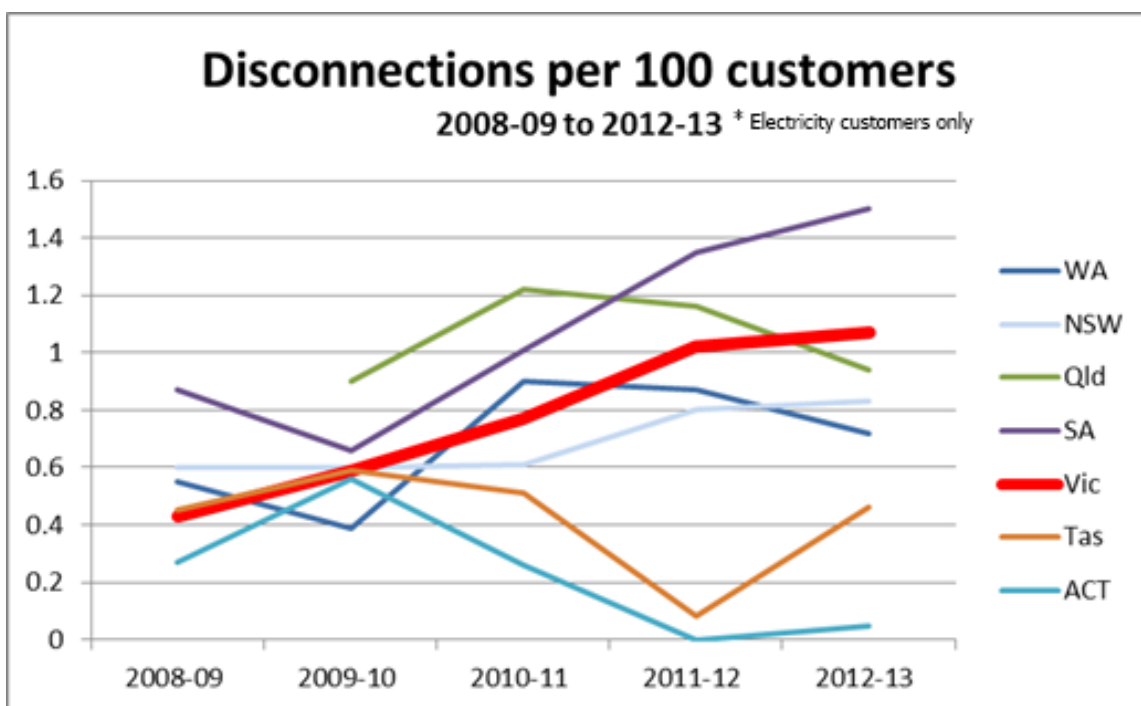


Figure 2: Disconnections due to inability to pay

Source: Australian Energy Regulator, State of the Energy Markets report, 2013, reported by VCOSS

## Many more people installing solar PV to avoid network costs

About 12% of households now have solar photovoltaics (PV) on their rooves, with various estimates about the penetration of PV by the end of the coming distribution network regulatory period. A 20% penetration is not an unreasonable expectation, across Australia in five years' time.

We recognise that there are many reasons for the rapid uptake of PV systems in Australia. Generous initial government incentive grants and guaranteed feed-in tariffs have certainly contributed to the initial uptake being beyond initial expectations. These have now largely concluded with market based feed-in tariffs all that remain. There was also an initial

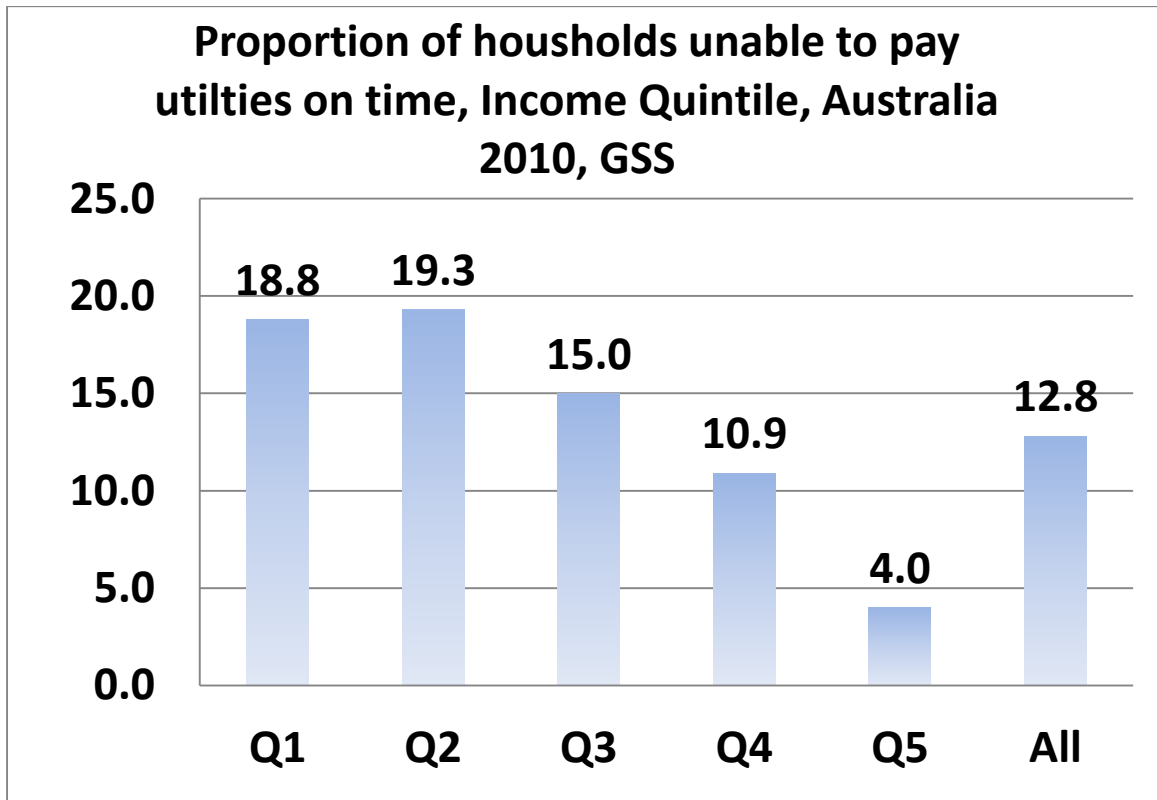
enthusiasm among people concerned about the environment and regarded personal PV as a means of reducing carbon footprints. These views remain; however, the current political context is quite dismissive of climate change and responses to it. The number of people installing solar PV is greater than the number of Greens voters and certainly larger than membership of environmental groups, so we suggest that there is another major reason for the rapid and continuing uptake of solar PV.

UnitingCare Australia is concerned that a main reason for continuing PV uptake is that rapidly rising energy costs are pushing people to seek alternatives for their energy costs, particularly the network costs, and importantly, households are wanting to 'future proof' their energy costs. This is evidenced by both the continuing installation of new PV systems, but also by the growing size of new installations, rising from a typical 1.5kw system about five years ago to an average of 4kw for each installation today. There is good evidence that the households most actively installing PV are lower-middle and middle income households, roughly deciles 3 to 7 from income distribution data sets, with households approaching retirement being significant installers.

UnitingCare Australia believes this trend reflects the desire of households to reduce their dependence on electricity networks and to give a degree of certainty about future electricity costs. This is evidence of the impact of cost pressures on households. It is also of concern because many low income households lack the capital, or lack control over their residential building, to respond to rising energy prices in this way.

## Increasing energy stress

The number of people who are unable to pay their utility bills on time is substantial, as shown in figure 4, using Financial Stress data taken from the ABS General Social Survey. Just over one in eight Australian households are unable to pay utility bills, mainly electricity, on time, but for the poorest 40% of Australians, close to one in five households can't pay their bills on time.

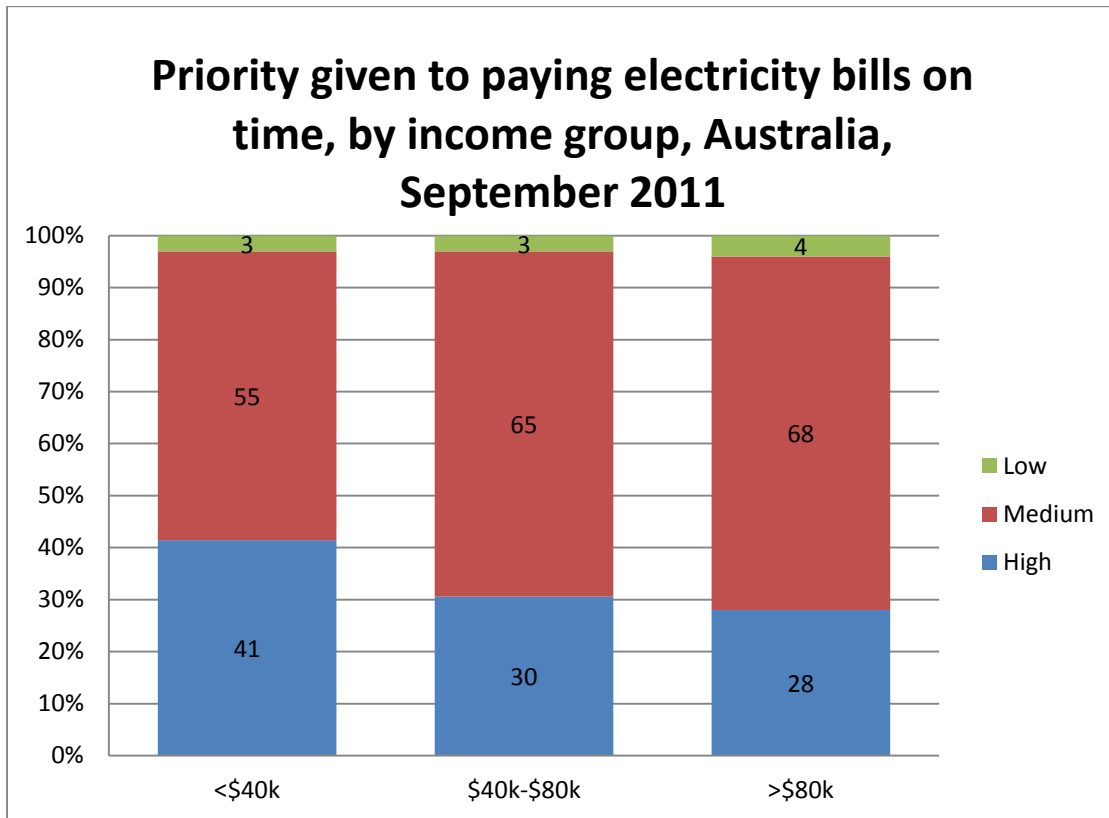


**Figure 3: Inability to pay utility bills on time**  
 Source: ABS, General Social Survey, 2012

This situation needs to be understood in the context of priority given to paying on time by consumers. Uniting Care Australia has sought to clarify this situation and engaged The Australia Institute to survey consumers regarding aspects of their attitude to energy bills. We have asked about the priority given to households in paying their energy bills on time, through 3 separate surveys each sampling about 1500 people. The results for each survey are almost identical, with the results for our most recent completed survey shown in figure 5. We have classified respondents into 3 income bands; low - less than \$40,000 annual income, medium income – \$40,000 to \$80,000pa and high – more than \$80,000 per annum.

The survey results show that all households place a high priority on paying utility bills on time, but the lowest income households put greatest priority on this: 41% of lower income rate it as a high priority, while only 3% give electricity bill paying a low priority. This evidence certainly contradicts the occasional argument that households who don't pay their bills on time are 'won't payers' rather than 'can't payers'. Indeed, paying energy bills on time ranks second highest priority for many households, with only rent / mortgage payment rating higher.





**Figure 4: Priority given to paying electricity bills on time**  
 Source: Survey for UnitingCare Australia, undertaken by The Australia Institute

In the same survey mentioned above, we have asked about the impact of electricity prices doubling over the next five years, given that this has been the reality for a number of people over the last six years.

Figure 6 shows the impact of electricity prices doubling, for the low income band, over three surveys during 2010 and 2011. The predicted impacts increased over the period of the surveys. Of particular concern is that by September 2011, about a third of households were reporting that continuation of electricity bill increases would reduce visits to doctors and ability to buy medications. Over half of respondents reported that they were cutting back on buying fresh food, and we hear, through our welfare services, stories about ‘two minute noodles’ being all that families are able to afford to eat. Increasing electricity bills are having health impacts, not just because people get too hot or too cold, but because they can’t afford to buy healthy food and because they cut back on doctor visits and medications.

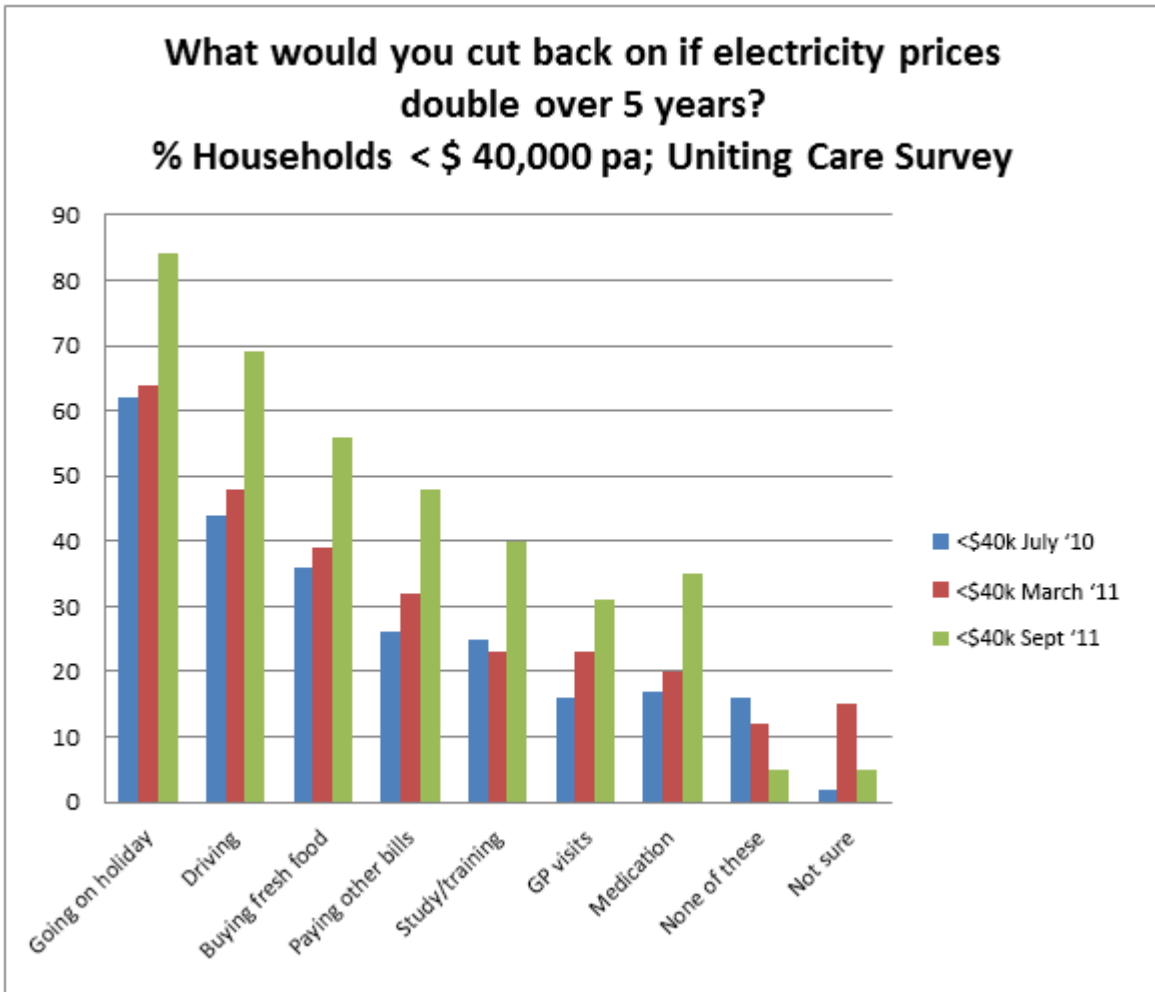


Figure 5: Impact of electricity prices doubling  
 Source: Survey for UnitingCare Australia, undertaken by The Australia Institute

Also of concern to us is the reporting that about 40% of low income households will or have cut back on self education and training as a result of rapidly electricity price rises.

In figure 6 we show the impacts of electricity prices doubling for each of the income bands and were surprised that the impacts for all income bands tracked each other more closely than we expected. Even moderately high income earners expect to cut back on a number of spending areas with rapid electricity price rises. Note too that the doctor visit reduction and medications decline are higher for our middle income band than the lowest income group. The impacts of large electricity price rises will be felt across the community, not just by poorer people, though they will certainly be hit harder by the effects.

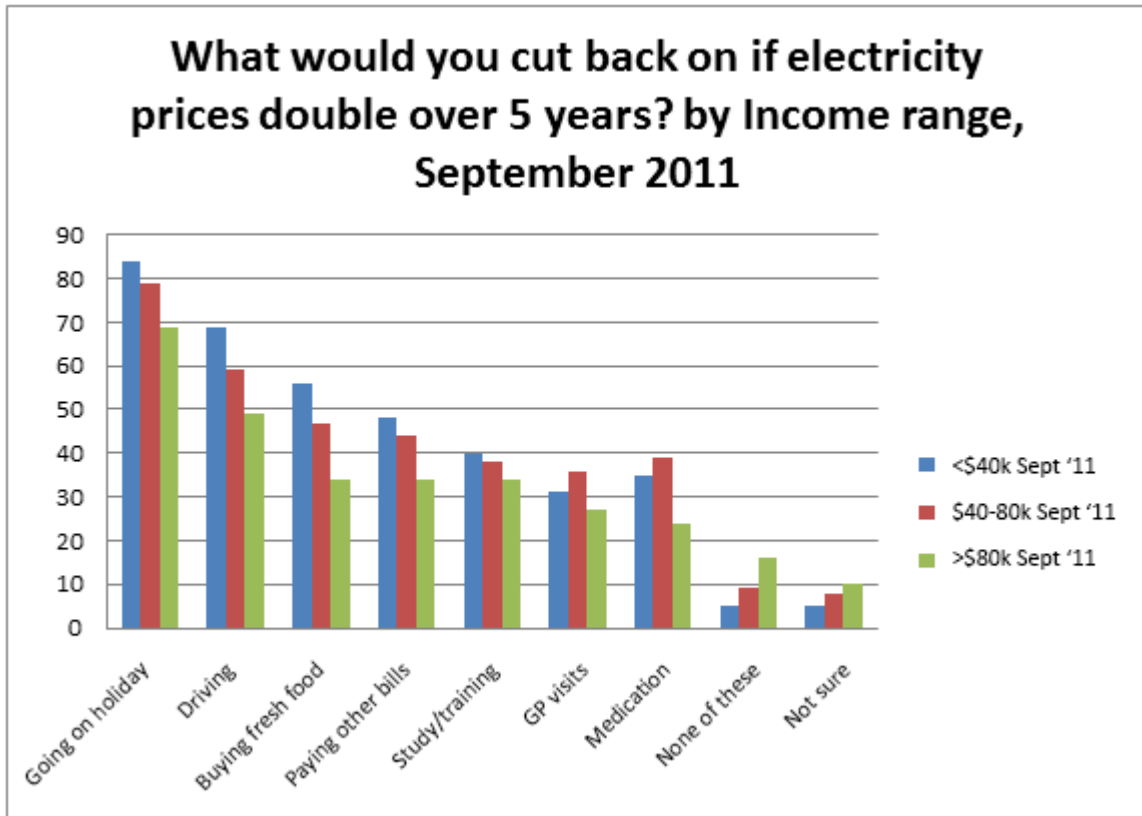


Figure 6: Impact of electricity prices doubling, by income band  
 Source: Surveys for Uniting Care Australia, undertaken by The Australia Institute

Our view is that electricity costs are too high for a significant number of people to be able to pay. UnitingCare Australia contends that this places the National Electricity Objective in jeopardy. We contend that a supply is not efficient if low income people can't afford to pay for this essential service. An efficient pricing structure ensures that all households can afford reasonable use of an essential service.

The UnitingCare network regularly assists families experiencing energy stress. Here are several examples of cases our network has encountered.

## Mike

*Mike is nearing retirement age and works part-time as an after-hours caretaker. Both Mike and his wife are proud of the fact that they have paid off their own home, have modest savings for retirement and have done everything that they can keep their energy and water use efficient. "I spent a small fortune on energy efficient light globes when they first became available", says Mike, "and they have no doubt reduced our energy use a little bit, but the bills keep going up."*

*These days, Mike and his wife dread the arrival of their utility bills, both because the bills are more expensive each time no matter how little energy they use, and also because the stress of not being able to pay, on time, is “gut wrenching” for them.*

*“For the first time in our lives, we had to ask for extensions to pay our electricity bills last year, and now we are having to use some of our limited savings to be able to pay our bills, and this is after we have done everything we can, to be energy efficient” says Mike.*

*Their most recent gas bill was a modest \$80.00, but what frustrates them is that nearly \$60 of that was for the supply charge, which Mike does not regard as fair or reasonable – “we must have bought half the network over the past 40 years” suggests Mike. The most recent electricity bill, after a mild summer in Adelaide, was \$397.00, nearly double what it was three years ago, and with lower use.*

*“We are really worried that we just won't be able to afford to pay energy and water bills once we retire - already we are having to use our savings just keep head above water” says Mike. “I didn't work all my life to not be able to afford electricity when I retire.”*

## Zahra

*Zahra is an Africa-born woman with 5 daughters, the two eldest being at university, and the younger 3 in secondary school. She is very proud of her girls and the opportunities they have in Australia. “They study very hard” she says. Her husband was killed in her homeland, a reason for coming to Australia as a refugee.*

*“We all share a small house, we all work hard and we get by, but with only my low income and the little the girls can add from casual work, it's the electricity bills that I dread the most,” she says. “But we use as little as possible. The girls need computers to study, I suppose that is our luxury.”*

## Candice & John

*Have recently purchased a house in Sydney's western suburbs. Having no real knowledge of energy efficient design, the ongoing and increasing energy costs were not taken into consideration at the time of purchase. Once they had moved into the house they discovered that it was extremely hot as there were a number of windows in the living areas exposed to the sun during the afternoon.*

*The couple purchased and installed a reverse cycle split system believing they were getting something that was efficient to run based on the information the salesperson*

*had given them about the “Energy Star Ratings.” Their electricity bill almost doubled over the first billing period with the air conditioner. At the same time Candice was due to give birth to their first child and had to give up work earlier than expected due to health issues.*

*With only one wage coming in and having accumulated a large energy bill, the couple are in financial distress.*

## Jarred

*Jarred lives in the western suburbs of Melbourne where he had been living with his wife and two daughters both below school age. Until recently, they had been getting by with one full time and one part time wage coming in, however approximately six months ago, Jared’s wife left him and the two children, along with a number of unpaid bills.*

*With no family support locally, Jarred has had to give up work to look after the children and is struggling to balance the payment of increasing energy costs and overdue bills. He has been unable to afford the cost of running and registering a vehicle and has sold it to collect some money to pay bills.*

*With limited monies available and limited mobility, the family has tended to remain home more often, resulting in increased energy bills. Energy Efficiency workers have been able to provide information for Jarred on ways to reduce the need for added cooling and reduce their energy consumption in general, but still the bills rise, and the income doesn’t.*

These short stories are indicative of the hundreds we hear regularly. High energy costs are having real, adverse impacts on the daily lives of too many people.

## Growing numbers of hardship customers

An important aspect of the National Energy Customer Framework (NECF) has been the requirement that all retailers offer an AER-approved hardship program. The number of people gaining access to hardship programs has been increasing substantially, albeit from a low base for some retailers. While UnitingCare Australia welcomes the operation of hardship programs, the demand for them is an indicator of the broader problem of growing numbers of people simply unable to pay for their basic electricity needs.

Of concern is the data in figure 7 which shows that debt levels are rising for customers leaving hardship programs. This may be partly to do with the incapacity of hardship

programs to deal with the structural indebtedness of households, and ongoing increases in electricity costs will be contributing to this problem.

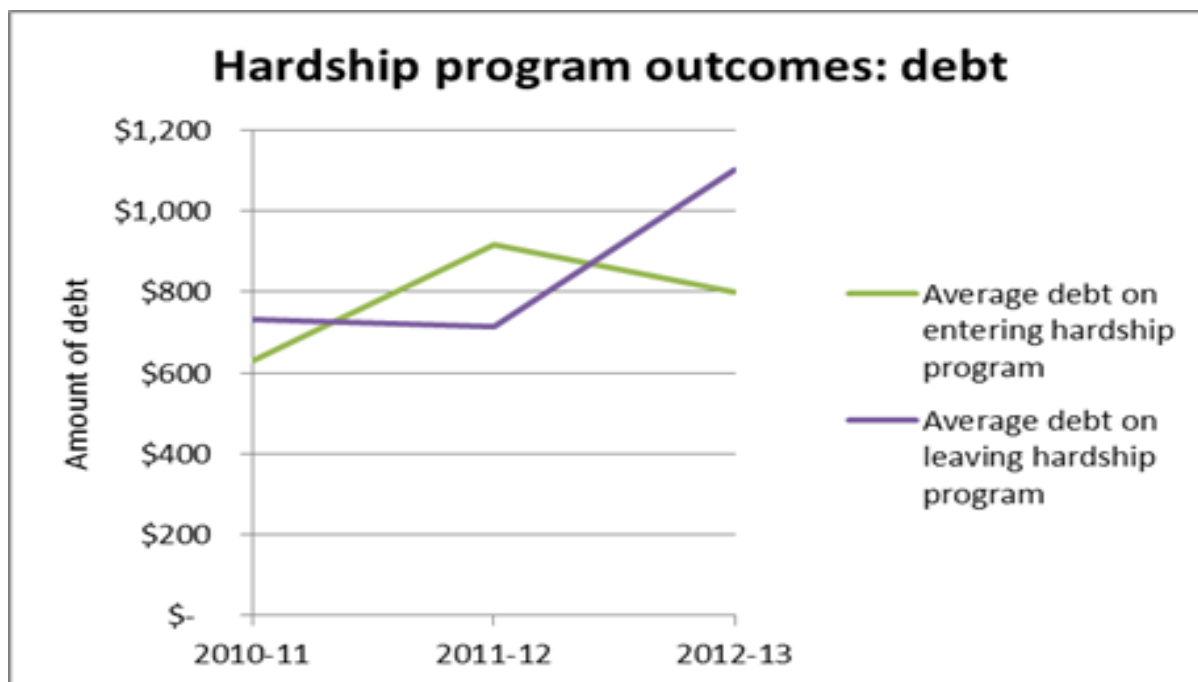


Figure 7: Hardship program debt

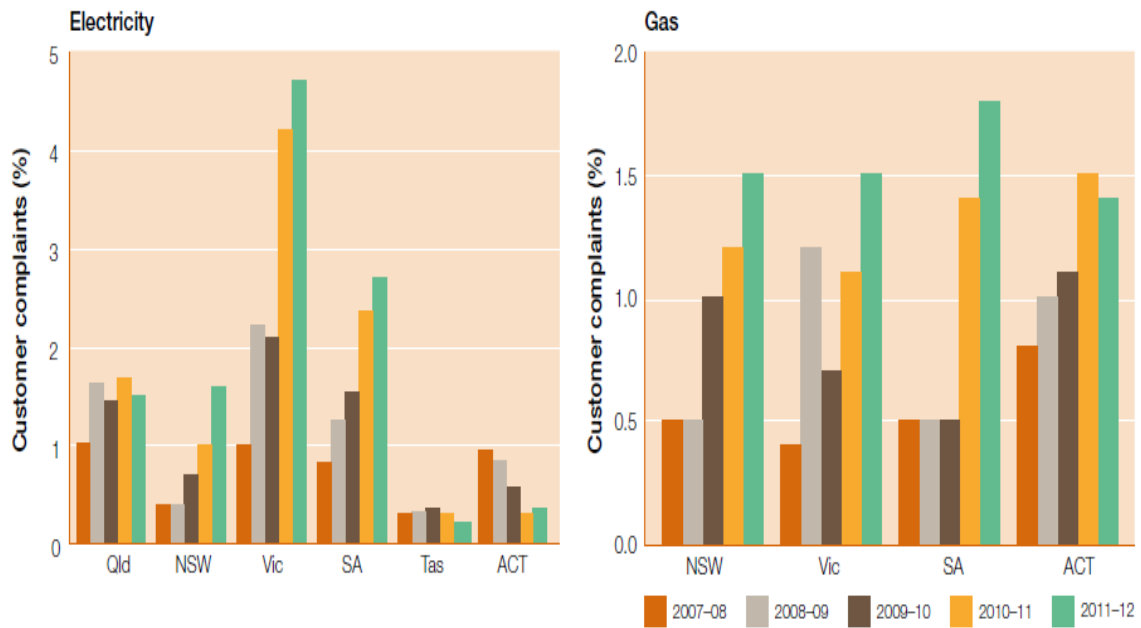
Source: Australian Energy Regulator, State of the Energy Markets report, 2013, reported by VCOSS

## More complaints

The number of complaints about electricity bills, contracts and related issues to Ombudsman schemes and to energy companies has increased during the most recent network regulatory period, as shown in figure 8. The level of complaints has increased for all jurisdictions except ACT and Tasmania.

Growing levels of complaints are an indicator that the current arrangements are not working for consumers. UnitingCare Australia contends that complaints arise from inefficient, disorganised markets, not from efficient, transparent and well-administered ones.

## Retail customer complaints, as a percentage of total customers



Sources for figures 5.5 and 5.6: Reporting against Utility Regulators Forum templates; retail performance reports by the AER, IPART (New South Wales), the ESC (Victoria), ESCOSA (South Australia), OTTER (Tasmania), the QCA and the Department of Employment, Economic Development and Innovation (Queensland), and the ICRC (ACT).

**Figure 8: Retail customer complaints**

Source: Australian Energy Regulator, *State of the Energy Markets report, 2013*

## People are using less energy

The trends described in figure 9 are well known to energy companies and regulators. After an extended period of steady increase in annual demand for energy and more recently a more rapid growth in peak demand, demand is falling, in aggregate and at peak levels.

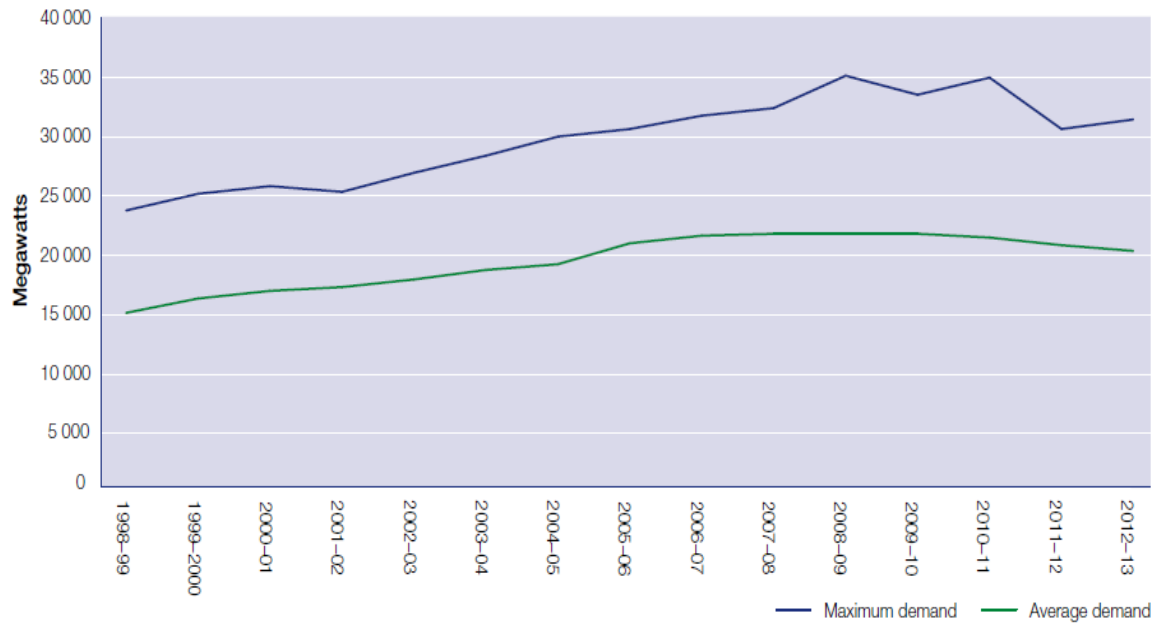


Figure 9: Declining energy use  
 Source: Australian Energy Regulator, State of the Energy Markets report, 2013

Factors influencing declining demand include shifts in industry consumption, more consumer awareness and so increased demand management, more energy efficient appliances, the impacts of solar PV installation, higher prices leading to lower consumption, and poorer people being too worried about bills to use the electricity that they need to keep them healthy.

Each of the factors listed above indicate that consumers are leaving or reducing their use of electricity networks, by conscious decision making or by being forced to by disconnection or the threat of disconnection, real or perceived.

## Consumer behaviour and the National Electricity Objective

The behaviour of Australian electricity consumers, now and during the most recent regulatory period, has demonstrated that the market is not meeting their needs. Chart 1 summarises current electricity market performance against the specific measures to which the NEO must have regard.

Chart 1. Factors to be considered in meeting the NEO

NEO: regard to -	Being met currently?	Evidence
Price	No	High prices push the rapid uptake of solar PV as network alternative.



Quality	Don't know	Evidence in this paper does not generally pertain to quality (as distinct from reliability).
Safety	No	Health risk to some vulnerable groups due to inability to pay for electricity for heating / cooling in extreme weather conditions. High energy prices leading to poorer health outcomes due to priority in household budget to electricity over healthy food and medical care.
Reliability	No	Disconnections due to inability to pay. Increasing complaints. Self restriction of use for fear of future bills.
Security of supply	No	Disconnections due to inability to pay. Increasing complaints. Self restriction of use for fear of future bills.

UnitingCare Australia particularly draws attention to the issues of safety and reliability. The emphasis under these headings is usually on technical safety and on the likelihood of outages, particularly unplanned outages. However, from a low-to-middle income consumer point of view, the detrimental health effects of high electricity costs or disconnection, and the possibility of unreliability due to disconnection or denial of service, are just as important. UnitingCare Australia asks the AER to ensure that these dimensions of safety and reliability are given as much weight as the more technical ones.

With the high costs of electricity and failure to meet other criteria specified in the National Energy Objective, we conclude that there has not been efficient investment in, or efficient operation of, electricity services in Australia over recent years, so the long term interests of consumers have not been met.

A market cannot be considered to be efficient if consumers are being forced from it and growing numbers are actively seeking to reduce their dependence upon it.

## Aspects of NSW and ACT regulatory proposals 2014-19

UnitingCare Australia is aware of, and supports, the submission from PIAC concerning the three NSW proposals and we endorse their submission.

There are some other issues that we wish to highlight.

### Application of “Better Regulation” Guidelines

As a consumer-focussed organisation that spent considerable time and effort last year in a process of guideline development led by the AER, UnitingCare Australia is disappointed that all four DNSPs submitting regulatory proposals have failed to follow the Rate of Return

guidelines that were developed after extensive discussion and negotiation. They also appear not to have adopted the Consumer Engagement guidelines that were developed at the same time. We are unaware of any engagement with consumer groups, by distribution businesses from NSW or the ACT, subsequent to the “Better Regulation” guideline development processes of 2013. There appears to have been no engagement about rate of return, one of the crucial elements in these regulatory resets. As a community organisation actively involved in development of the guidelines, we would have expected contact and discussion with network businesses proposing significant departure from what was agreed.

UnitingCare Australia encourages the AER to continue to apply the principles of the guidelines as developed during 2013, and reject proposals from the DNSPs that lie outside them.

## Key Proposal - Overview

We now consider some significant aspects of the NSW and ACT distribution 2014-19 regulatory proposals, drawing in particular on the ActewAGL proposal. Each of the networks claims that their proposals are in the best long term interest of consumers. ActewAGL for example, states that this is evidenced by “ActewAGL distribution will continue to provide the cheapest... and most reliable electricity distribution service in the country...” (p. 5) yet they only benchmark their residential network charges against NSW, (figure 0.2 in their proposal) which are amongst the most expensive network charges in Australia. Nowhere in the proposals can we see consideration of lower cost alternatives being considered, compared to what is proposed, yet it would be reasonable for consumers to see this sort of consideration if “cheapest...electricity” is an important objective.

We consider:

- Rate of return
- Consumer engagement
- Large spending areas.

## Rate of return – 2014-19 regulatory proposals

The DNSP proposals, in particular for the key parameters Weighted Average Cost of Capital (WACC) and equity beta ( $\beta$ ), are proposal aspects where we believe the AER should reach a conclusion different to that set out by the networks. All four DNSPs have proposed WACC and  $\beta$  parameters that are beyond levels set out in the 2013 AER Rate of Return guidelines. Their rate of return proposals suggest risk levels at or beyond those that applied at the height of the Global Financial Crisis. They do not reflect current capital markets. Australian regulated electricity network businesses are low risk businesses, and global capital markets

are actively seeking to invest in such businesses at rates of return to investors much lower than at GFC levels.

During recent discussions about the rate of return, a number of models were considered, and UnitingCare Australia understood that there was agreement that the Sharp-Lintner CAPM would be the base model. This is widely used in regulatory processes around the world, it is able to be applied and there is experience in using this approach. We do not believe that there has been sufficient new and persuasive evidence of circumstances that warrant change from the guideline position.

The Sharpe-Lintner capital asset pricing model (CAPM) states that the expected rate of return on an investment is determined by the risk free interest rate (RFR) and a risk premium, which is the product of beta, (a measure of sensitivity of expected excess returns on an asset compared with the expected excess returns for the market) and the market risk premium (MRP):

Sharpe-Lintner CAPM: Expected return = RFR +  $\beta$  \* MRP

In applying the Sharpe-Lintner CAPM to the 2014-19 regulatory proposals UnitingCare Australia recommends that the AER apply the guideline in determining the risk free rate, using the most recent data available at the time that the AER Board is finalising its draft determination.

## Market Risk Premium (MRP)

We recognise that market risk can be determined less precisely than the risk free rate, so ranges for risk related parameters are determined and a point estimate chosen within the range. In the guidelines, an MRP range of 5.3 – 7.5% is specified, with values in the range all giving investors an adequate through to generous return.

The possible values for the MRP lie on a continuum. Low figures produce lower prices that are in the interests of consumers, while figures at the higher end of the range reflect primarily the interests of investors and owners of the network businesses.

We have argued that the best interests of consumers are not currently being served by high prices for consumers and high returns for DNSP owners. The application of the NEO by the AER must give priority to the long-term interests of consumers. In selecting a point estimate for the MRP we believe that the AER should choose a value at the bottom of the range specified in the guidelines.

## Equity Beta ( $\beta$ )

As with MRP, we recognise that there is no precisely correct value for  $\beta$ , and that a point estimate is chosen by the regulator from within a range. The 2013 guidelines recommended a range for  $\beta$  of 0.4 – 0.7. We are disappointed that the DNSPs are proposing a  $\beta$  of over 0.8, outside the guideline.

Subsequent to the rate of return guidelines being published, a report commissioned by the AER has been released, undertaken by Olan Henry from the University of Liverpool.<sup>1</sup> Henry's work served both to respond to some of the debate around the issue of assessing  $\beta$ ,<sup>2</sup> to test the robustness and optimal approach to determining  $\beta$ , and to provide some indication of where an appropriate value might lie. Henry argued that the approaches to analysis that produced the most reliable results used the longest available data series, tested at weekly intervals, and considered the market data using either equal weighting or value weighting of the portfolio (tables 2, 14 and 16) (p. 63). A majority of Henry's estimates were in the range 0.3 - 0.5, and the medians in the tables that he identified as providing the most robust results lay between 0.4 and 0.5.

As with MRP, we believe that the range in values for  $\beta$  lie on a continuum between low figures that serve the best interests of consumers, and higher figures that will serve the best interests of investors and owners, but that will come at the expense of affordability. Again, we recommend that the AER act in the best interests of consumers and select at the lower end of the range. Such a choice would be consistent with relatively low risk businesses in a relatively benign capital market, which is the current situation.

## WACC and RAB

For the reasons outlined above, UnitingCare Australia is opposed to the high values of WACC that are proposed by the network businesses. We believe that they are inconsistent with current global capital markets and contrary to the best interests of consumers. The proposed WACC values are too high and apply to regulated asset bases (RAB) that have grown substantially over the course of the most recent regulatory period.

UnitingCare Australia believes that this determination presents an opportunity to benchmark network expenditure, domestically and internationally. It is anticipated that the AER will find that current RAB values are too high and will adjust accordingly. We also

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<sup>1</sup> Olan Henry; [Estimating  \$\beta\$ : An update](#), April 2014.

<sup>2</sup> In particular, Competition Economists Group, [AER equity beta issues paper: international comparators](#), October 2013.

expect that the AER will lower the WACC, to be more in keeping with the rate of return levels proposed above.

## Consumer Engagement

We are encouraged that the DNSPs are seeking to make some efforts to engage with consumers. Nevertheless, we are not aware of DNSP engagement with consumers on any of the major elements of return to businesses, including rate of return methodology, RAB values, WACC, and  $\beta$ . Yet these are the areas where consumers are most impacted by the bills that they pay.

In its proposal, ActewAGL has placed substantial weight on willingness to pay (WTP) surveys. UnitingCare Australia recognises the potential of WTP methods, but also that they are very demanding to implement and highly sensitive to sampling, question design and the information provided to respondents. There are questions that need further consideration around whether studies to date have given consumers sufficient, and neutrally presented, information about trade-offs between reliability and price. It is our experience that consumers have differing view about tradeoffs between cost and reliability, though lower income households are more likely to prefer less reliability for lower bills. This experience may be at odds with the research results of ActewAGL, which requires more detailed exploration.

UnitingCare Australia believes there needs to be greater depth to utilities' consumer engagement. We are concerned for example by ActewAGL's list of stakeholders they have consulted with in developing their 2014-19 proposal: all are government agencies and peak bodies involved in land and property development. They then state "Engagement with consumers more broadly will involve a public information session following submission of this proposal" (p. 46). Effective consultation will involve more than mere information, and at an earlier stage than after the fully worked-up proposal is prepared. It could involve community associations, chambers of commerce, tenant organisations, social welfare providers and others. It could also involve more sophisticated techniques of engaging consumers directly. Essential Energy state that they are committed to the IAP2 public participation spectrum, but also state that the level of consumer empowerment is not possible for energy issues. UnitingCare Australia believes this is not correct, and indicates that there are unrealised opportunities for network businesses to participate in more effective consumer engagement.

As we have stated in our submission to the Better Regulation consumer engagement guideline, we are committed to developing appropriate and effective approaches to consumer engagement related to energy regulation. We welcome the opportunity to cooperate with energy network businesses to advance their consumer engagement techniques.

## Other comments on spending

- Each DNSP is seeking very large budgets for vegetation management. UnitingCare Australia asks that the actual mandatory requirements of regulations and statutory fire management plans be clearly understood by the AER and distinguished from discretionary vegetation management being adopted by the network businesses, so that consumers don't end up paying more than is absolutely necessary.
- UnitingCare Australia notes that there are some areas where increased costs are factored in to the proposal, but it is not clear that there has been modelling and factoring in of life cycle economic benefits associated with those same decisions. ActewAGL's proposal states for example (in connection with new health and safety requirements) that "the objective of safe design is to minimise potential and actual work health and safety hazards by involving decision makers and considering the life cycle of the designed plant, substance or structure." (p. 66) It then states that "this represents a significant additional impost on ActewAGL Distribution's asset management planning processes." However, most regulations of this type are designed to create overall economic benefits, through things such as reduced workplace injuries, reduced insurance premiums, and reduced need to retrofit or modify structures. There is no indication that these economic benefits have been considered by the DNSP.
- ActewAGL also states that the "national harmonisation of Work Health and Safety laws" is "is impacting on every site across the organisation and imposes new access and egress requirements under various emergencies" (p. 66). Yet this is a code harmonisation exercise, not imposition of completely new regulations, and the notion that this is having onerous new impacts on all their sites is improbable, as is the idea that every change is resulting in costs and none of them are resulting in savings.