

Dr John Tamblyn and Mr John Ryan
Energy Consumer Advocacy Secretariat - Energy Division
Department of Resources, Energy and Tourism
Email: consumeradvocacy@ret.gov.au

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Dear Dr Tamblyn and Mr Ryan

The Energy Efficiency Council (EEC) welcomes the opportunity to provide input to the development of a National Energy Consumer Advocacy Body. The EEC is the peak body on energy efficiency, cogeneration and demand-management, and represents experts in energy efficiency from industry, academia and the public sector.

The EEC has worked extensively on energy policy, and takes the view that energy policy must be designed around the long-term benefits of energy consumers and the wider community. In 2012 the EEC released '*Plan for Affordable Energy*' (attached) with the Australian Industry Group, CHOICE and the Brotherhood of St Laurence. This Plan made a number of recommendations to benefit consumers, including demand-side reforms and the formation of a national consumer energy advocacy body.

The EEC believes that the national consumer energy advocacy body must have the remit and the expertise to engage in both supply- and demand-side issues. Consumers are ultimately seeking services that are facilitated by energy, such as heating, cooling, cooking and entertainment. Greater efficiency in generation, transmission, distribution and use of energy can substantially reduce both the price of electricity and consumers' energy bills.

With a few notable exceptions, until recently demand-side issues largely received only marginal consideration in energy investment decisions and policy formation. This meant that the structure of both the regulated and competitive aspects of energy markets favour centralised energy supply and create barriers for demand-management and distributed generation. As a result, Australia now has comparatively low levels of electricity infrastructure productivity and end-use energy productivity, resulting in higher electricity prices and higher electricity bills for consumers.

As the 2012 Energy White Paper states, better management of peak demand and end-use efficiency could mitigate against further price rises, boost welfare and improve the productivity and international competitiveness of Australian businesses. Deloitte recently estimated that the wider economic benefit from DSM initiatives could be in the range of \$1.4 billion to \$4.6 billion over the next nine years. (Deloitte, *Analysis of initiatives to lower peak demand: Final Report*, prepared for the Energy Supply Association of Australia, April 2012.)

These issues become even more critical when we consider the substantial changes that are occurring in the way that consumers source and use energy, such as the unexpectedly rapid increases in solar PV and the growth in companies providing energy services such as district cooling and demand-response.

Current policy settings, particularly in relation to cost of using electricity networks, do not provide the signals for efficient and equitable investment in new and traditional technologies and services. Unless policy settings are updated to better reflect the costs and benefits of different demand and supply-side technologies at specific times and locations, Australian consumers could continue to face rapid increases in electricity prices.

Therefore, the EEC strongly urges that a National Energy Consumer Advocacy Body must have both the remit and the expertise to work in both the supply- and demand-side aspects of energy. Energy markets that appropriately combine demand- and supply-side strategies have the best chance of meeting the long-term needs of energy consumers with respect to efficiently priced, reliable and safe energy services.

If you wish to discuss any of the issues raised in this submission, please contact me via telephone on 03 8327 8422.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Rob Murray-Leach', is displayed within a light grey rectangular box.

Rob Murray-Leach
Chief Executive Officer