

Nicola Cusworth, Chair
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849

14 December 2017

Dear Ms. Cusworth

Addendum: WACOSS Submission to the Proposed Access Arrangement for the AA4 Period

My apologies for this late addition to our submission.

We wish to provide an addendum in relation to the recommendation in Section 3.1.4 of the discussion paper surrounding the *tariff equalisation contribution* (TEC).

This is an issue we have previously discussed with the ERA, and has been the subject of previous WACOSS recommendations in our Pre-Budget Submissions to the WA Government. In our most recent Pre-Budget Submission, we recommended that concessional households are exempted altogether from the TEC levy.

Electricity costs represent a greater proportion of the weekly expenditure of low-income households, therefore any additional imposition impacts on them disproportionately, as discussed in our recent *2017 Cost of Living Report*.

WACOSS would like to reinforce this recommendation in our submission on the proposed access arrangement for the AA4 period, particularly in relation to the suggestion that the TEC levy be applied to the fixed charge component of customer's retail billing.

WACOSS appreciates that there is an effort being made to address an emergent equity issue with this recommendation, namely ensuring greater contribution is made to network costs by households owning solar panels. We are, however, concerned that the proposal to recover the TEC from the fixed charge is likely to negatively impact those who can least afford to pay it. Such an approach can only truly deliver an equitable outcome if the disproportionate impact on lower income households is moderated or compensated.

WACOSS recommends concession card holders be exempt from the TEC to ensure maximum equity in the distribution of costs with the Western Australian electricity market.

Please contact Chris Twomey on (08) 9420 7222 should you have any queries regarding this submission.

Yours sincerely,

Louise Giolitto
Chief Executive Officer, WACOSS



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