

## Minutes

### Meeting of the Economic Regulation Authority Consumer Consultative Committee

#### Meeting 2 / 2018

**Date & Time:** Thursday, 21 June 2018, 1:00pm

**Location:** Ken Michael and Stirling Rooms, 4<sup>th</sup> Floor, Albert Facey House  
469 Wellington Street

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<b>Attendees:</b>	Ray Challen	Member, ERA
	Jenness Gardner	Chief Executive Officer, ERA
	Paul Kelly	Executive Director, Regulation & Inquiries, ERA
	Bev Jowle	Financial Counsellors' Association
	Doug Hall (proxy for Gary McGill)	Pastoralists & Graziers Association
	Nathan Viles	Chamber of Commerce & Industry of WA
	Dana Mason	WA Local Government Association
	Graham Hansen (proxy for Louise Giolitto)	WA Council of Social Services
	Tony York	WA Farmers Federation
	Nicole Roocke	Chamber of Minerals & Energy of WA
	Marcus Claridge	Energy and Water Ombudsman's Office
	Penny Lipscombe	Consumer Protection, Department of Mines, Industry Regulation and Safety
<b>Apologies:</b>	Gary McGill	Pastoralists & Graziers Association
	Louise Giolitto	WACOSS
	Christine Coyne	Aboriginal Affairs Consultant, Christine Coyne & Associates
	Rachael Champtaloup	Property Council of Australia
<b>Presenters:</b>	Mark Paterson	Horizon Power
	Rajat Sarawat	ERA
	Sara O'Connor	ERA
	Analena Gilhome	ERA
	Elizabeth Walters	ERA

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## 1 WELCOME

Ray Challen chaired the meeting, and noted the apologies listed above.

## 2 MINUTES OF PREVIOUS MEETING (12 MARCH 2018)

The minutes of the previous meeting on 12 March 2018 were accepted as a true and correct record of the meeting.

## 3 ERACCC STATUS REPORT

Dr Challen summarised the key points from the ERACCC Status Report and took questions from members on the content of the report.

Items highlighted included the *Review of the Code of Conduct for the Supply of Electricity to Small Use Customers*, the electricity licence review, and the new regulatory framework for non-scheme gas pipelines.

## 4 GUEST PRESENTATION: Horizon Power – Microgrids and the changing energy market in Western Australia

Mark Paterson, General Manager Consumer Energy at Horizon Power, provided ERACCC members with a presentation on the changing nature of the electricity industry due to the rapid development and adoption of solar and battery technologies.

The rapid take-up of solar panels in particular is causing a shift in the investment in new generation technologies from generation companies to the consumer, causing a “hyper-decentralisation” of the energy industry.

ERACCC members discussed how solar energy could be a powerful tool for consumers to reduce their energy bills, but the high cost of entry meant it was not accessible technology for all, and there were particular barriers to those living in rental properties.

Mr Paterson discussed how Horizon Power is currently trialling different billing structures to give customers more predictable energy bills, as well as a number of standalone power projects the company is currently working on in regional areas.

## 5 ENERGY MARKETS – Overview of upcoming work program

Rajat Sarawat, ERA, outlined the upcoming work stream for the Energy Markets division. He discussed how his division’s work is highly technical and often takes place in the background of the energy debate.

The Energy Markets division oversees the Wholesale Electricity Market (WEM) in Western Australia that includes energy, capacity and support service (ancillary service) markets. It investigates breaches of the WEM Rules and provides the Minister for Energy with annual reports on the effectiveness of the WEM, and of regulations established to mitigate Synergy’s misuse of market power following the merger in 2014.

Sara O’Connor, ERA, explained that the equivalent capacity of Western Australia’s largest electricity generating plant (Muja power plant near Collie) already exists in rooftop solar panels, with more panels being added every year.

This creates challenges for the State’s energy market, as output from rooftop PV lowers demand for generation during the middle of the day, with more costly generation capacity needed for evening peak events. Balancing the supply and demand for electricity becomes more difficult as higher numbers of wind and solar generation, with less predictable generation output, enters the electricity market.

## **AFTERNOON TEA**

### **6 BUSINESS LICENSING INQUIRY - Update**

Jenness Gardner and Analena Gilhome, ERA, provided ERACCC members with an update on the progress of the inquiry into business and operational licensing in Western Australia.

The inquiry team has concluded its first round of consultation, and has found that, in general there is a lack of consistent monitoring of regulation in Western Australia, and government agencies struggle to make changes.

They have also found that rushed, poorly designed licensing schemes is an historical problem, and the majority of schemes introduced in the last five years have been well designed and researched.

ERACCC members discussed how the inquiry terms of reference were very broad. Members indicated they would be keen to provide more specific feedback and evidence once they had reviewed the ERA's draft report, which is expected in September.

ERACCC members also discussed how the inquiry fits into the Government's broader public sector reform process.

### **7 AA4 – Update on Western Power's fourth access arrangement and the ERA's draft decision**

Elizabeth Walters, ERA, updated ERACCC members of on the progress of Western Power's fourth access arrangement period, which sets out all the terms and conditions for those who want to use the network to transport their electrons.

Consultation on draft decision closed in mid-June, and submissions are available to read on the ERA website.

Ms Walters outlined some of the most noteworthy sections of the decision, including around advanced metering infrastructure (smart meters), the rate of return, references services, and tariff structures.

### **8 ENERGY AND WATER OMBUDSMAN'S REPORTS**

The report was taken as read. Members asked various questions on the report's content, and Marcus Claridge, Director Energy and Water Ombudsman, provided responses to those questions.

### **9 ERACCC FORM AND FUNCTION – advice of upcoming review**

Dr Challen advised ERACCC members that we intend to roll memberships over for a further six months while we review the form and function of the committee.

Mr Viles advised he would be leaving the Chamber of Commerce and Industry WA soon, and would advise his replacement in due course.

**Meeting closed at 3:53pm**

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NICKY CUSWORTH  
CHAIR, ERACCC