

Minutes

Meeting of the Economic Regulation Authority Consumer Consultative Committee

Meeting 3/2021

Date & Time: Thursday, 28 October 2021, 10:00am

Location: ERA office, Level 4, 469 Wellington St, Perth WA 6000

Attendees:	Steve Edwell	Chair, ERA
	Paul Kelly	Executive Director, Regulation & Inquiries, ERA
	Jason Dignard	Principal Regulatory Advisor
	Natalie Warnock	Manager Strategic Communications, ERA
	Judy Hunter	Western Power
	Zahra Jabiri	Western Power
	Laurenz Ramdohr	Western Power
	Martin Van Bueren	Synergies
	Leanne Berard	Financial Counsellors' Association
	Rachelle Gill	Energy Policy WA
	Roberta Grealish	Consumer Credit Legal Service WA
	Graham Hansen	WA Council of Social Service
	Penny Lipscombe	Consumer Protection
	Linh Nguyen	Chamber of Minerals and Energy
	Nick Warland	Property Council of Australia WA
Apologies:	Marcus Claridge	Energy and Water Ombudsman
	Tim Dymond	UnionsWA
	Jenness Gardner	ERA
	Doug Hall	Pastoralists and Graziers Association
	John Hassell	WA Farmers Federation
	Kitty Prodonovich	Regional Chambers of Commerce WA
	Suresh Rajan	Ethnic Communities Council of WA
	Daniel Thomson	WA Local Government Association

1 WELCOME

The meeting opened at 10:03am. Chair Steve Edwell noted the apologies as listed above.

2 MINUTES OF PREVIOUS MEETINGS

The Chair signed the minutes of Meeting 2/2021 as a formal record of those events.

3 INTRODUCTION TO THE NEW CHAIR

ERA Chair Steve Edwell provided a brief overview to members of his experience as an energy regulator and most recently as head of the State Government's Energy Transformation Taskforce.

He noted that the current rapid change within the energy sector, driven by the uptake of renewable and distributed energy technologies, had been the main reason why he had taken on his role.

He noted that this change, which meant that more and more energy consumers installed their own solar generation and batteries, meant that consumers would naturally have a bigger voice in the energy sector and particularly energy regulation. It has always been a challenge for regulators to engage with consumers in a traditionally complicated area like energy.

Mr Edwell noted that he hoped to use the ERA Consumer Consultative Committee as a discussion forum where issues of equity and access could be considered, and the information shared by committee representatives with other members of their organisations.

Members asked questions including around the effect of the COVID-19 pandemic on hardship data. Mr Edwell noted that the ERA's next data report on financial hardship was expected to be published early in 2022.

4 2022 ERA WORK PROGRAM

Paul Kelly, ERA, presented a brief overview of the ERA's upcoming work program, focussing on two areas where the ERA had been given new functions, as well as the major project of Western Power's fifth access arrangement review.

The ERA has received a number of new functions under the Pilbara Networks Access Code, which came into effect on 1 July 2021. The new access code is intended to improve competition in the Pilbara electricity sector for larger consumers (like mining operations). The access regime is light-handed, which is different to the way the ERA currently regulates Western Power's network and gas pipelines in Western Australia.

The ERA has also received a number of new monitoring and compliance functions in the wholesale electricity and gas markets. Importantly, these new functions come with greater flexibility to take a risk-based approach to compliance, focussing our attention on areas where the effects of non-compliance are likely to have the greatest effect on consumers.

In February 2022, the ERA will commence one of the largest projects it does every five years – the review of Western Power's access arrangement, which sets the terms and conditions including prices for users to access the network.

Mr Kelly noted that the Access Code had been revised in line with the Government's Energy Transformation reforms, to require the ERA to provide more information prior to the submission as to how it would consider certain regulatory tests and types of expenditure. This is intended to streamline the review and allow greater clarity for Western Power and other stakeholders.

Mr Edwell noted that the AA5 project was likely to be presented to ERACCC members at a number of meetings in 2022 and early 2023.

MORNING BREAK

5 CONTAINER DEPOSIT SCHEME – DRAFT REPORT

Jason Dignard, ERA outlined the ERA's draft report for its price monitoring role for the state's container deposit scheme – Containers for Change. The scheme commenced operation in October 2020, and the ERA's draft report, covering the first six months of operation – was published in July.

The ERA is monitoring any effect the scheme had on beverage prices, to provide the community with confidence as to whether any price rises associated with the scheme were reasonable.

Mr Dignard presented the findings in the ERA's draft report, which was that broadly all beverage price increases were below the cost of administering the scheme – which is 12.82 cents per container recycled.

Average price increases in the metropolitan region were 10.5 cents per container for alcoholic beverages and 7.6 cents for alcoholic beverages. Price increases in the regions were similar, but the data was more variable due to the smaller sample size. The ERA also found that the price increases observed were very similar to those seen in other states with container deposit schemes, as was the cost of running the scheme.

The ERA will publish its final report, on the full first year of the scheme's operation, in early 2022. The ERA is likely to recommend that no further price monitoring is required.

Members asked questions including how the uptake of the scheme compared to other states and any price complaints received.

6 GUEST PRESENTATION – WESTERN POWER'S ACCESS CONSULTATION

Zahra Jabiri, Laurenz Ramdohr and Judy Hunter, Western Power, and Martin Van Bueren, Synergies Consulting presented the results of Western Power's consumer engagement activities ahead of its access arrangement proposal submission, which is due on 1 February 2022.

Ms Jabiri noted that consumer engagement was particularly important now, at a time of great change and transformation in the energy sector. She noted that one in every three houses connected to the Western Power network now had solar panels on its roof, and that 600 MW of renewable energy had been added to the network in 2020 alone.

Western Power's consumer engagement program was conducted by two independent agencies – Synergies and Kantar. It will inform the upcoming access arrangement proposal, which needs to balance the security of the network and integration of new technologies with keeping prices as low as possible. Network charges make up about 40 per cent of the average household electricity bill.

Mr Ramdohr presented the findings of the customer engagement, including that customers' top priorities were the support of renewable energy, affordable energy, new technologies and the maintenance of reliability.

Members asked questions including the effect of the COVID-19 pandemic on the survey results, and customer attitudes to the cost of electricity.

7 OTHER MATTERS

The next meeting will be held in March or April 2022, depending on the best timing to discuss Western Power's AA5 submission and the ERA's issues paper.

Meeting closed at 12:07pm

STEVE EDWELL
CHAIR, ERACCC