MASTER ELECTRICIANS AUSTRALIA

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2 August 2013

Ergon Energy Corporation Limited
Group Manager Regulatory Affairs
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Sent via email to: futurenetworktariffs@ergon.com.au

Dear Sir/Madam,

Master Electricians Australia is grateful for the opportunity to contribute a submission in response to the release of Ergon Energy's Consultation Paper, *Network Tariff Strategy Review*.

Master Electricians Australia (MEA) is a dynamic and modern trade association representing electrical contractors. Originating as the Electrical Contractors Association in 1937, we are the leading voice of the electrical and communications industry throughout Australia. The organisation's website is: http://www.masterelectricians.com.au

MEA welcomes the review of Ergon Energy's Network Tariff strategy as a timely opportunity to implement a tariff pricing structure that will ease the burden on Queensland's aging electrical infrastructure, ultimately resulting in lower electricity bills for consumers. MEA will not be commenting on all of the issues raised in the Consultation Paper and will instead focus our feedback on what we believe to be the key points for our membership.

Time-Based Tariff Structures

MEA firmly believes that controlled load off-peak tariffs provide by far the most effective tariff solution to managing peak demand and reducing electricity prices. We note that Ergon's Network Tariff strategy indicates a preference for Time of Use tariffs as a mechanism to ease peak demand. However, we believe that Time of Use tariffs offer little promise of achieving this end. In practice, Time of Use tariffs tend to provide an excessive peak period with virtually no discount on the shoulder. With limited opportunity for the average household to actually take advantage of lower prices, consumers end up paying more and those who do save money are those who already use power at odd times of day, such as shift workers.

Controlled load off-peak tariffs on the other hand can provide genuine cost savings but are underutilised due to a number of issues such as the current requirement to hard wire appliances and the absence of back- up for the one odd day per year when power may be needed at the wrong time. These weaknesses could be overcome through smarter technology, such as the installation of a "booster switch" which could allow the consumer to manually boost their supply under times of extreme need (and still under the discretion of the supplier) and the possible application of the tariffs to socket outlets. There is very clear potential for controlled load, off-peak tariffs to be utilised beyond their current application, should the government eventually remove the requirement for off-peak appliances to be hard-wired into a home's electrics. Such tariffs are well placed to be used in a variety of settings throughout a household

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and could include dishwashers, second televisions, free standing lights, outdoor pool lighting, power for tools and other portable appliances.

The Queensland Competition Authority in their Final Determination on Regulated Retail Electricity Prices 2013-14, expressed their concern that the current tariff structure does not necessarily provide an accurate signal to customers about the true underlying costs of their electricity consumption and that, *"many stakeholders have rightly questioned why both distributors provide such weak incentives to customers to shift their consumption to off-peak periods"*. Off-peak tariffs clearly can act as that price signal to prompt consumers to switch their power usage to non-peak periods and in turn take the heat out of the wider market. Controlled load off-peak tariffs can play a critical role in any off-peak pricing strategy and MEA would welcome Ergon giving greater consideration to this viable alternative to a Time-of-Use pricing structure.

Solar Power Battery Banks

MEA would like to see consideration given to tariff structures being introduced to accommodate battery storage systems for grid-connected solar power. As solar power subsidies are progressively discontinued, there is now an opportunity to invest more resources into ways to make solar technology more attractive to consumers. One of the main objections to the broad-scale uptake of renewable energy technologies such as solar PV is the issue of intermittency, i.e. solar technologies only produce power when the sun is shining. A solution to this problem could lie in the use of energy storage systems or "battery banks" for solar PV systems. These battery banks would allow excess solar power to be collected in batteries for later use as required. However, currently the cost of storage technology can be prohibitively high making it quite unattractive for those who have the option to simply buy relatively cheap electricity from the grid. If more resources can be directed to refining this storage technology in order to make it more affordable, there is a likely to be a stronger uptake of solar power as an energy alternative. A tariff structure that would reward users of battery banks for solar PV may act as the added incentive needed for consumers to embrace solar power options. This targeted tariff structure could be similar to a maximum demand tariff, providing genuine saving to those utilising solar PV and in turn reducing the peak demand pressure on the grid.

Education

Education is another key component in encouraging the public to switch to off-peak power usage. MEA would see value in electricity distributors and government working together to educate the public on ways to alter their electricity consumption patterns. An example of the potential positive impact that such co-operation can have is evident in the water conservation efforts that occurred during the Queensland drought. The co-ordination undertaken between Urban Utilities and the Queensland Government succeeded in educating the public on the role they could play in combating water shortages. A similar approach by electricity distributors and the Queensland Government could reap rewards in encouraging the public to change their consumption patterns, specifically in relation to peak demand.

Another educational strategy that could reap genuine rewards is the release of consumption data from other states and territories as a comparative tool for Queensland consumers. For example, if a consumer in Queensland could see the daily electricity usage of an equivalent

household in Victoria, they may be better placed to understand the potential for savings in their own home and the benefits that may be realised through the use of alternative tariff options.

Energy Auditing

A proven and effective means to educate the public on the benefits of an alternative tariff regime is an in-home energy audit performed by a qualified energy auditor. It is in the best interests of consumers, government and the industry for there to be a continued and strong focus on energy auditing as a strategy for achieving energy efficiency and reducing carbon emissions.

Several years ago, MEA identified increasing demand by consumers to undertake energy audits in order to accurately measure usage and provide advice and solutions to enhance energy efficiency. This led to industry developing a nationally accredited qualification to support the skills needed to be a competent energy auditor - the *Certificate IV in Energy Efficiency and Assessment*.

The *Certificate IV in Energy Efficiency and Assessment* sets a new benchmark in energy auditing training. Those awarded the Certificate IV will have the knowledge to develop efficient strategies to reduce usages in a range of energy services and be qualified to conduct energy audits on residential and office dwellings as well as small to medium enterprises. The training addresses the environmental and legislative framework covering fundamental energy audit methodology, providing initiatives and solutions of sustainability and financial viability.

The Certificate IV stands out from other energy auditing qualifications requiring a current electrical licence as pre-requisite. This ensures that only technicians with a high level of skill and experience will receive the qualification, resulting in more comprehensive and effective energy audits for consumers.

Conclusion

Overall, we submit that a network tariff structure that reflects the importance of controlled load tariff options, accompanied by a comprehensive and targeted education campaign, will go a long way towards easing the peak load pressures on Queensland's electrical infrastructure. As a key industry stakeholder MEA would be eager to be involved in any future discussions on tariff reform and provide input into strategies for educating the public on an alternative tariff regime.

Yours sincerely,

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