



Tasmanian Council of Social Service Inc  
PO Box 1126 Sandy Bay Tas 7006  
Phone 03 62310755 Fax 0362236136  
tom@tascoss.org.au

Andrew Reeves  
Tasmanian Energy Regulator  
[office@energyregulator.tas.gov.au](mailto:office@energyregulator.tas.gov.au)

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Dear Andrew

The Tasmanian Council of Social Service welcomes the opportunity to comment on your ***Investigation of Prices for Electricity Distribution and Retail Tariffs on Mainland Tasmania, Draft Report and Proposed Maximum Prices.***

While we understand many of the factors that have led to your recommendation for increased maximum electricity prices, we are disappointed with the magnitude of the proposed price increase. TasCOSS and its members are concerned that the proposed 14.5% increase in residential electricity prices from January 2008, and the smaller increases proposed for the following two years, will exacerbate the financial stress already experienced by many low income households in Tasmania.

We note that the largest component of the proposed increase, according to your Report, is the energy price set by the Tasmanian Treasury. We will be calling on the State Government to take steps to mitigate the effects of the proposed price increase on low income households. These steps include increasing the electricity concession rate for Pensioner and Health Care Card holders, and the development and funding of new programs aimed at increasing the thermal efficiency of housing stock used by low income Tasmanians.

TasCOSS supports your proposal for differential prices for residential and non-contestable business customers based on the nature of their respective usage. We believe that this proposal appropriately recognises the general 'off-peak' nature of much household consumption and attributes costs accordingly.

We also support the decision to not allow the costs associated with Aurora Energy readying itself for competition to be passed through to non-contestable small business and residential customers. As we stated in our earlier submission to this price investigation (26 April 2007):

*Since it is currently uncertain whether or not retail competition will be extended to domestic customers in Tasmania in 2010, we contend that costs associated with*

*competition, including competition readiness, should be passed through only to those customers affected by competition in the determination period.*

We note that in the Report you mention the need for Aurora Energy to address the issue of tariff design in order to balance and redistribute costs between and within customer classes. TasCOSS supports this suggestion since low consumption households (which include most low income households) are effectively penalised by the relatively high standing daily charge component and the declining block nature of the current tariff structure. A tariff re-structure could address not only this issue, but could also encourage household energy conservation in the interests of reducing Tasmania's reliance on electricity generated through non-renewable greenhouse gas emitting processes. TasCOSS believes that Tasmania's electricity tariff structure is unfair and is in urgent need of reform.

TasCOSS understands that you share our concern about the likely impact on Tasmanians in hardship of the proposed price increases. We support your plan to improve the capacity of the Tasmanian energy sector to monitor hardship indicators and to contribute to the alleviation of hardship. We look forward to working with you on that project in coming months.

We hope that our comments are useful in the final stages of your investigation and we hope that all stakeholders in Tasmania's energy sector, including your office, government, community sector and business, will work together to ameliorate as far as possible the negative effects of the proposed price increases on vulnerable and disadvantaged Tasmanians.

Yours sincerely



Tom Muller  
Chief Executive Officer