

**IPART Submission on Draft Determination
to Regulated Electricity Prices From 1st July 2012.**

Thank you for the opportunity to make a submission on the draft pricing determination. I hope you will find my submission useful.

I am currently an Energy Australia (EA) retail electricity residential customer and have been for many years. I understand that the draft determination is for EA to be allowed to increase its average retail price by 19.2% as from 1 July 2012. I also understand that 9.5% of the 19.2% increase is determined to be because of increased carbon price costs brought about by the Federal Government's Carbon Pricing Scheme (CPS).

At the outset, let me say that I applaud the Federal Government's attempts to address climate change and I fully support the introduction of the CPS. However, it is because I support action on climate change that prompts me to make this submission.

At present, as an EA customer, I have taken up the opportunity offered by EA to be a 100% "Pure Energy" power customer. This means that the power that I use comes from accredited renewable energy sources, that is, sources that are not sourced from fossil fuels, particularly coal. However, the way in which EA has arranged its pricing and billing means that each quarter I receive a bill from EA that charges a price per kilowatt for standard or coal-fired power and then includes a separate line item which is the "premium" that I pay for my power (or equivalent to be put into the grid) to be sourced from renewable sources. This premium amounts to approximately \$55 per quarter for my decision to voluntarily support renewable energy as opposed to coal-fired power.

I am uncertain as to why EA has structured its billing in this fashion but it was not always this way...in the early 2000s EA used to differentiate between the two sources and have two separate charges per kilowatt hour. However, IPART's draft determination to correctly allow the inclusion of the impact of the CPS in the pricing of coal-fired power creates the situation for me (and probably tens if not hundreds of thousands of other people) where, unless EA changes its billing practice, I will be asked to pay increased electricity charges including a 9.5% increase based on the impact on the CPS while at the same time continuing to pay a premium for renewable energy.

Clearly, unless EA changes its billing practice I will be unfairly and wrongly charged for using coal-fired power. I have recently contacted EA and alerted it to this issue and requested it to advise me as to how the problem will be addressed. To date I have not received a reply. In contacting them I have also requested it to advise me that, if it does not intend changing its billing practices, what section of the CPS legislation allows it to charge a customer a price on carbon which the customer is not using.

I understand that your organisation deals with pricing of certain commodities but surely your determinations should make it clear that companies such as EA may only pass on the price increase or part of the price increase to a customer if the customer is actually using that product. It should not be sufficient excuse for EA to inappropriately (and probably illegally) charge customers because of an inappropriate and now, owing to the CPS, outdated billing system.

In this case I accept that I should expect a price increase of around 9.7% but that there should be no increase because of the CPS for me or any other person paying for renewable power. I believe IPART should ensure that this happens.

If this issue is not addressed then the Federal Government's attempt to influence investment and purchasing decisions away from fossil-fuel based power sources to renewable sources will be defeated. People will stop opting to pay a premium for "green" power if they are going to be charged for the CPS for coal-fired power as well. If they cannot avoid one then they will certainly opt out of the other.

I see no reason why EA or any other supplier for that matter cannot introduce more sophisticated billing even for those opting for various percentages of "green" and coal-fired power. After all, these same suppliers are quite capable of charging time of use for customers so they should be able to accurately charge type of use as well.

I look forward to your final determination and I have decided to pass this submission on to the Department of Fair Trading in the hope that it will pre-empt any possible problems and unfair practices by warning all energy retailers of the consequences of knowingly wrongly charging customers for products they do not use.

I look forward to your final determination.

Yours sincerely

Peter Meloy