MASTER ELECTRICIANS AUSTRALIA

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8 March 2016

Queensland Productivity Commission
PO Box 12112
George St QLD 4003

Dear Sir/Madam,

Master Electricians Australia (MEA) appreciates the opportunity to comment on the Queensland Productivity Commission's (QPC) Electricity Pricing Inquiry Draft Report.

Master Electricians Australia (MEA) is a dynamic and modern trade association representing electrical contractors. A driving force in the electrical industry and a major factor in the continued success and security of electrical contractors, MEA is recognised by industry, government and the community as the electrical industry's leading business partner, knowledge source and advocate. The organisation's website is: www.masterelectricians.com.au.

MEA's responses to a number of the issues raised in the Draft Report are detailed below.

Supply chain productivity – A sector in transformation

MEA agrees that energy storage devices, such as batteries, are the key to unlocking potential benefits of renewable energy.

Networks

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.

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Solar Bonus Scheme

MEA supports the QPC's recommendation for that the Queensland Government consider whether there is merit in an earlier end to the SBS then the planned 2028. With the financial impact felt by consumers not in the financial position to utilise solar PV, MEA would welcome a move to a fairer and more sustainable feed-in tariff regime.

Retail competition in regional Queensland and the UTP

MEA supports the removal of barriers to retail competition in regional Queensland and understand that Ergon Energy's retail business requires a period of time to become competition ready. However, given that Ergon was advised of the move to a network CSO in regional Queensland in mid-2015, we recommend that the target date for full implementation be moved forward to 2018. This would achieve an appropriate balance between giving Ergon time to prepare for the new arrangements and allowing customers in regional Queensland to realise financial savings from a competitive retail electricity market sooner.

Impacts of network tariff reform and impediments to participation

MEA certainly recognises the benefits of customers better understanding the costs and benefits of demand tariffs so they can make informed choices. However, we do caution against a mandatory smart meter roll-out. If new generation meters are to have the desired effect of reducing consumer power bills, the responsibility must lie with retailers to install new meters as required by their customers. It is not the government's place to make this decision on behalf of each consumer, particularly when each household's living situation, energy usage and capacity for change can vary so significantly. Smart metering should be a choice, not a mandatory imposition.

We would also recommend a cost/benefit analysis be undertaken regarding tariff and metering reform and in doing so consider alternative metering solutions apart from smart meters. Second generation electronic interval meters are one example of the options available. These new generation interval meters collect data at hourly intervals or even in some cases on 15-minute increments, providing a much more fine-grained picture of energy use than was available in the past. Some of the benefits of advanced meters include more detailed information on energy use (in some cases, provided in real time) and the opportunity for new pricing plans that provide incentives to reduce a consumer's demand for electricity during peak times. Regardless of which option is adopted it must be at the consumer's discretion to make the change.

Other comments

An alternative means for consumers to realise cost savings on their electricity bills would be to adjust the arrangements for physical meter changes at a premises. Currently, when a customer requests a meter change, the relevant distributor allocates one or multiple work vehicles, with a minimum of two persons per vehicle to perform the work. This is at a significant, and often unanticipated, cost to the consumer. On the other hand, allowing accredited electrical contractors to remove and install metering equipment and load control devices, would avoid the additional costs that consumers are often unaware of until they receive their electricity bill.

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Electrical contractors could undertake the metering work when onsite performing the electrical installation work at minimal additional cost to the consumers. The contractor would also be in the position to include the cost of the work in the upfront quote for the customer, avoiding any bill shocks.

MEA would welcome any opportunity to discuss these issues further to inform the QPC's Inquiry.

Yours faithfully,

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