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Australian Energy Market Commission
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Dear Sir / Madam

The Tasmanian Council of Social Service (TasCOSS) welcomes the opportunity to comment on the 2nd Interim Report issued by the AEMC in its *Review of Energy Market Frameworks in Light of Climate Change Policies*.

TasCOSS is the peak body for the Tasmanian community services sector. Its membership comprises individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, regulators, the media, and the public. Our focus in the energy policy arena is on household energy supply and in particular, on energy supply for low income, disadvantaged and vulnerable households and we actively participate in the National Consumers Roundtable on Energy.

TasCOSS was a signatory to an earlier submission made by the Consumer Utilities Advocacy Centre (CUAC) to the AEMC Review *Scoping Paper* in November 2008. TasCOSS subsequently made a submission to the 1st Interim Report, highlighting the inadequate attention given to consumer issues in the review process, a view supported by submissions to the 1st Interim Report by CUAC and to the 2nd Interim Report by CUAC and the South Australian Council of Social Service.

TasCOSS notes that the lack of attention given to consumer risks from climate change policies in the 1st Interim Report, in particular, the importance of a robust National Energy Customer Framework (NECF), has not been redressed in the 2nd Interim Report. TasCOSS can only reiterate that we consider this lack of attention to be a fundamental flaw in the Review process. There is an urgent need to ensure that the proposed NECF is

strong, comprehensive and effective in protecting consumers and assisting them to manage the effects of increased prices arising from climate change policies.

TasCOSS also notes that a draft recommendation of the 2nd Interim Report recommends increasing the flexibility of how regulated retail tariffs are set in those jurisdictions which still retain retail price regulation.

As detailed in our submission to the 1st Interim Report, the current system of regulated retail price path review in Tasmania already appears to be flexible enough to allow for increased costs due to CPRS and RETS to be passed through to consumers within a price path period. This can be carried out through 'pass through' provisions that allow for unavoidable and substantial additional costs to be passed through. Such cost types can be defined by the Regulator in a price investigation and detailed within the determination, the next of which for Tasmania will cover the period commencing July 2010, in time for the implementation of the CPRS. Considering the flexibility already in place in Tasmania's electricity pricing regulation, TasCOSS questions why the AEMC is calling for increased tariff flexibility in Tasmania.

Furthermore, although the removal of price regulation in energy markets is not specifically advocated by the 2nd Interim Report, we remain concerned that the principle of price regulation may be undermined by this Review process. We are concerned that uncertainty surrounding the economic impacts of climate change policies will create pressure on jurisdictions with incomplete and fragile competition in energy markets to remove price regulation, thereby exposing consumers to greater risk. TasCOSS strongly supports price regulation maintenance as the most fundamental consumer protection mechanism in Tasmania.

We hope our comments are useful in your further deliberations throughout the review process.

Yours sincerely



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