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The Australian Energy Market Commission  
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REVIEW OF DEMAND-SIDE PARTICIPATION IN THE  
NATIONAL ELECTRICITY MARKET  
DSP REVIEW - STAGE 3

I have no worries or concerns that my contact details (above) are hosted on any website.

I wish to thank the AEMC for the opportunity to receive submissions from stakeholders in the national electricity market.

### **Uncontestable Electricity Matters**

The first thing I wish to raise is the matter of the incontestability of bulk hot water arrangements. This is where a property developer in an exclusive dealing arrangement allows a Billing Agent to gain the exclusive rights/franchise/licence over real property and install hot water meters. Sometimes it is the developer or its subsidiary that creates their own geographic monopoly.

These can be powered by electricity or reticulated natural gas. Nearly all the energy distributors have hot water meters and use the AEMO for reading and billing for hot water. They have exclusive dealing arrangements with the energy retailers.

As the Commission may be aware, energy is sold, and accounts traded by, the use of a meter numbering system. No such meter identifiers or trading hub exist for hot water meters and hot water supply.

### **Retrofit**

To retro-fit, with each abode having their own hot water system, would cost a kings ransom. To divert around the master meter and install an individual meter for each new hot water supply point would cost even more.

To retro-fit an older building, one would have to follow the new building codes that mandate energy efficiencies such as insulated pipes for hot water distribution. Where I live, one would have to rip up the slab, and break down walls to get at the existing plumbing. The egress to taps is within the building and is not accessible from the outer walls.

The property developers, and more importantly, the hot water retailers know this. They have a stranglehold over the energy consumer. All forms of hot water sales in Australia are uncontested.

### **Demographics and on-supply**

The on-supply of electricity is plagued with problems for a vast number of consumers who may live in a caravan, boarding house, converted hotels and motels, nursing, aged and supported care homes.

More often they do not have the choice of who sells them electricity. Although on-supply arrangements exist in some of the jurisdictions there seems to be no effort by the state and territory governments of help these consumers with an easily accessible remedy when it comes to price gouging by property owners and landlords.

The same demographic is applicable to bulk hot water consumers who are caught in an arrangement by the landlord, who evades telling them that they must pay the billing agent anything that the agent wants.

Both demographics are people who have limited means, are poor, disabled, have learning difficulties and are sadly on the lowest rung of society. I must commend the Queensland Council of Social Services and other advocates in their efforts to bring these consumers' access and billing follies to light.

### **An Essential Service**

Is hot water an essential service? The Commission needs to make a moral decision on whether hot water is needed for "life". Certainly, electricity and natural gas are counted as essential for the economic health of Australia. Perhaps the Commission would announce something as a moral stance?

### **Hot Water Meters Disguised as Energy Meters**

Perversely, the Australian Energy Market Operator has allowed hot water meters into its lexicon even though they are not energy meters. It would appear that whatever the energy entities want the AEMO hands up to them on a silver platter. Hot water meters can never measure energy.

I am a tenant, and by statistics alone, 25%-33% of households pay rent. My fellow tenants who share a hot water system are, blind, have cerebral palsy, are aged and infirm, have Down's syndrome, have learning difficulties, and most do not understand how they are billed for hot water.

The general comments from them revolve around "Because the bill comes from an energy company (Origin in our case) and because there is a meter involved, that they are somehow buying energy'. When I tell them the landlord is receiving a benefit (not having to fairly apportion cost themselves)

they fear that, to complain about this rip-off, may make them homeless.

## **Queensland Sells its Energy Assets**

When the Queensland Government sold its energy retailing assets, it also sold 13,700 uncontested hot water rights to Origin. No regulation for conversion factor or a pro-rated use of the master meter exists in Queensland, and Origin currently price gouges by 50% above the rates charged in Victoria. They also mark up the cost of reading the water meter by 50% above what Envestra put as a pass-through cost. On me remarking this to Envestra, they sold their hot water assets to Origin to get away from bad press.

Origin are now, not only a retailer, they are also a Distribution Network Provider!

The Queensland Government knows about the sale of the hot water consumer list to Origin, but could not give a hoot how much they charge. They will always blame the landlord, whose contract with Energex was given to Origin by the very same government.

## **Exempt Retail Authorisation**

The Australian Energy Regulator is currently in the final stages of forming the basics of who or what and exempt energy retailer is. It appears that they are blindly using a list of jurisdictional exemptions that the jurisdictional governments have created.

In Victoria, most of the exemptions are in the name of property developers who sell hot water. In Queensland an ex-Energex company, Sun Retail is a hot water sales company owned by Origin.

How the AER is going to vet these non-energy entities is a mystery. Will they be given energy retail authorizations, but not have ombudsman oversight? Will consumers be cut off, on a whim? Will hot water consumers get the same protections as electricity and gas consumers? Will it only apply to Victorian which has a conversion factor? Will it apply to South Australians who get the pro-rated percentage of the master meter?

The incontestability of hot water supply sees consumers with no control over the amount of electricity used. These shared boilers are on 24/7 and no abatement is possible. One cannot turn it down, or turn it off when away for extended periods.

They are profligate wastes of energy. Consumers pay for water whether its tepid, luke-warm or hot, whatever hot means. No Mj's, kWh's or calorific value can be properly determined. There is no legally traceable means to measure the sale of "heat", for it would be like trying to measure air conditioning.

## **Smart Meters**

I am very concerned about these meters, which have the ability to disconnect a consumer by remote control. In the past, a meter person would attend a property and assess the actual circumstances of the consumer. To see if the person is infirm, or in dire straits, or with children involved.

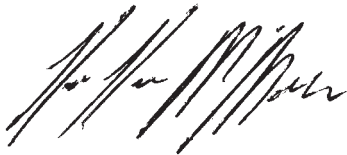
Smart meters will make this situation disappear from the mind's eye of energy entities. Mistakes in billing have been many other the last few years, and cutting people off wrongfully, and by remote control may risk the health and welfare of many Australians.

The AER has approved of, and allowed the refit of, remote control hot water meters. How will the Commission assure Australians that the same folly will not be visited upon hot water consumers, especially when there is no contestability for hot water sales.

### **Summation**

I wish to thank the Commission once again for the opportunity to respond to the demand-side review and would hope that my concerns can be considered in any future works that are for the benefit of all Australian consumers.

Yours most sincerely

A handwritten signature in black ink, appearing to read 'Kevin McMahon', written in a cursive style.

Kevin McMahon