

# OTTER CUSTOMER CONSULTATIVE COMMITTEE

## MINUTES

MEETING NO. 2/2022 - FRIDAY 15 JULY 2022

By MS Teams

10:30 am Meeting commenced

### 1. Welcome and apologies

#### Present

Mr Michael Bailey (Tasmanian Chamber of Commerce and Industry)  
Mr Stephen Durney (TasCOSS)  
Mr Geoff Fader (Tasmanian Small Business Council)  
Mr Jack Gilding (Tasmanian Renewable Energy Alliance)  
Mr Robert Mallett (Tasmanian Small Business Council)  
Mr Ray McKendrick (Ombudsman Tasmania)  
Ms Stacey Milbourne (Salvation Army)  
Mr Charles Scarafiotti (Property Council of Australia - Tasmania Division)

#### In attendance

Mr Joe Dimasi (Tasmanian Economic Regulator)  
Mr Glenn Bounds (Director, OTTER)  
Mr Tristan Patterson (Manager, Regulatory Compliance and Performance, OTTER)  
Mr David Richardson (Specialist Policy Analyst, OTTER)  
Ms Julia Ma (A/g Senior Research Officer, OTTER)  
Ms Estella Walker (Executive Officer, OTTER)  
Ms Jordan Wierenga-Moore (Assistant Research Officer, OTTER)

#### Apologies

Mr John Pauley (Council of the Ageing)  
Ms Megan Leary (Ombudsman Tasmania)  
Ms Kate Cox (Ombudsman Tasmania)  
Mr Ben Morris (Local Government Association of Tasmania)

## 2. Ratify minutes from March 2022 meeting

The minutes from the meeting of 3 March 2022 were ratified.

## 3. Tasmanian Ombudsman Update

Mr McKendrick provided an update on complaints received by the Ombudsman in relation to energy and water and sewerage issues.

Mr McKendrick also referred to the higher electricity bills faced by customers due to the relatively colder winter and mentioned that his office was aware Aurora Energy had been experiencing delays of 6 months or more in issuing bills and that this was a common source of recent complaints. Mr Bailey also noted that some of his members had received two bills in close succession.

OTTER advised members that it would seek an explanation from Aurora Energy about delays in bills being sent to customers due to issues with the implementation of its new billing system (see Actions Arising).

## 4. 2022 Water and Sewerage Price Determination Investigation

Mr Bounds delivered a presentation on the outcomes from the 2022 Water and Sewerage Price Determination Investigation.

Mr Gilding queried the high water losses reported by TasWater and asked whether TasWater was aware of the source/s of the losses. Mr Bounds stated that, from discussions with TasWater, it appeared the losses came from a number of sources including undetected leaks in the network and unmetered properties, and the quality of data on the amount of water produced by its treatment plants.

Mr Scarafiotti raised concerns about TasWater continuing to pay dividends to its owners when its infrastructure is failing. Mr Dimasi noted that he had highlighted concerns about TasWater's performance with respect to water losses in recent state of the industry reports.

Mr Mallett questioned the tax allowance component of TasWater's costs (see slide 6 in the OTTER presentation delivered at the March 2022 OCCC meeting) and the amount that is met by customers. Mr Bounds explained that, for the fourth regulatory period, TasWater's tax allowance is zero as it is no longer subject to the National Tax Equivalent Regime.<sup>1</sup>

Mr Scarafiotti also raised concerns about TasWater continuing to use the ET methodology for sewerage charging through the fourth regulatory period when offices (and caravan parks) had shifted to a discharge factor approach. Mr Dimasi said that the intended inquiry into sewerage and trade waste charging was to allow him to fully examine the options and the customer impacts of potentially applying a different approach; these outcomes were not achievable within the timeframes available during the recently completed investigation.

OTTER advised members that it would ask TasWater to attend the next OCCC meeting to deliver a presentation on its approach to reducing water losses (see Actions Arising).

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<sup>1</sup> Up to 31 December 2018, TasWater was subject to the National Tax Equivalent Regime and paid tax equivalent payments to its council owners. However, effective from 1 January 2019, following amendments to the *Water Corporation Act 2012*, TasWater was no longer subject to the Regime and was, therefore, no longer required to make these payments.

## 5. 2022 Standing Offer Price Investigation and Determination

Mr Richardson delivered a presentation on the outcomes from 2022 Standing Offer Price Investigation and Determination.

Mr Gilding queried the wholesale electricity price (WEP)/wholesale electricity cost component of Aurora Energy's Notional Maximum Revenue relative to Hydro Tasmania's actual generation costs. Mr Dimasi stated that, under legislation, he was required to use certain inputs and the prices of specific wholesale contract products when calculating the WEP, with the main input being the Victorian forward contract price, and that Hydro Tasmania's actual generation costs are not accounted for in the calculation methodology.

Mr Durney asked why the government had not made a Wholesale Electricity Pricing (WEP) Order with respect to 2022-23. Mr Bounds advised that the Treasurer's legislative power to make a WEP Order expired in 2021.

Mr Durney also asked why there were different regulated price outcomes for 2022-23 in the ACT (decrease of 1.25 per cent) compared to Tasmania (increase of 11.88 per cent). Mr Dimasi noted that in the ACT, the government had entered into long-term wholesale contracts to increase the percentage of generation provided from renewable energy sources. These contracts, entered into several years ago, contain prices that are lower than the wholesale energy prices used to estimate current prices.

Mr Dimasi also suggested that members needed to look beyond the current year and make comparisons over multiple years as there was 11.95 per cent increase in the ACT for 2021-22 compared to 7.11 per cent/11 per cent price decreases in Tasmania for residential/non-residential customers respectively for that year.

Ms Milbourne noted that she had recently seen an increase in the number of people presenting to the Salvation Army who are experiencing difficulties paying bills, including electricity bills.

## 6. 2022 Regulated Feed-in Tariff Rate Investigation and Determination

Mr Bounds delivered a presentation on the outcomes from the 2022 Regulated Feed-in Tariff Rate Investigation and Determination.

Mr Gilding referred to a recent meeting where Aurora Energy stated that energy exported to the grid was "not of much value" to Aurora Energy. Members surmised that this comment was based on the timing of solar generation in Tasmania not matching the morning and afternoon peaks in demand.

## 7. Projects on the Go

Mr Gilding queried the recent steep increases in the number of Aurora Energy's residential customer disconnections. OTTER advised members that it would ask Aurora Energy to attend the next OCCC meeting to deliver a presentation on its disconnections policy, including explaining the reason for the recent increases in the number of disconnections (see Actions Arising).

Mr Mallett queried the relative numbers of residential and small business customers reported by Energy Locals for the last three quarters. OTTER advised members that it would seek clarification from Energy Locals (see Actions Arising).

## 8. Other Business

There was no other business.

The meeting closed at 12.30pm.