

Media Release
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Underlying cost of electricity to rise: St Vincent de Paul Society Report

The St Vincent de Paul Society (The Society) has used the first Parliamentary sitting day of 2010 to focus attention on the impact of changes in the energy market on Australia's most vulnerable households.

The Society national chief executive, Dr John Falzon, released the report "New Meters, New Protections: A National Report on Customer Protections and Smart Meters" at Parliament House this morning.

Through 2009, the St Vincent de Paul Society tracked and reported the impact of Smart Meter installation on disadvantaged Australians. Today's report consolidates that work into a national, State-by-State review undertaken in collaboration with the University of Melbourne's Philosophy Department, and confirms the Society's concerns.

"Government action to introduce Smart Meters, in combination with other pending policy shifts, will add hundreds of dollars to Australian energy bills each year," Dr Falzon said.

"The energy market is undergoing unprecedented change with the privatisation of the energy Sector, the removal of price protections and the proposed introduction of a Carbon Pollution Reduction Scheme."

"The most immediate and profound change for consumers, though, is the roll out of Smart Meters, under a Council of Australian Governments agreement dating from 2007, backed by the Ministerial Council on Energy in June 2008.

"Smart Meters are a new technology that allows industry participants to introduce time of use tariffs, making electricity more expensive when total demand is high and less expensive when demand is low. The aim is to encourage households to shift or reduce consumption at times of high demand.

"When it comes to disadvantaged Australians, unless there is significant attention from State Governments, Smart Meters will prove to be poor policy.

"Specifically, there are inadequate consumer protection frameworks for financially vulnerable and other disadvantaged households," Dr Falzon said.

More than 5 million Smart Meters are to be rolled out in Victoria and NSW before 2017. Queensland and other States and Territories will undertake pilots and establish business cases prior to a further national review of deployment timelines in 2012.

In Victoria, the Smart Meters roll-out has been subject to delays and cost blow-outs. In November 2009 the Victorian Auditor-General published a review that identified significant inadequacies in the advice provided to Government and an incomplete picture in relation to the economic merits, consumer impact and Smart Meter project risks.

"It is important that the Ministerial Council learns from the Victorian experience, provides adequate consumer protection frameworks and ensures the National Smart Meter Program delivers much improved outcomes," said Dr Falzon.

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Background Facts:

Smart Meters provide households with price signals through Time of Use (TOU) pricing that makes electricity more expensive when total demand is high and less expensive when demand is low.

The Society's work shows three factors increase household likelihood of financial disadvantage from TOU pricing:

- *Households with low electricity consumption.* Higher consumption households are more likely to have load that naturally attracts off-peak or shoulder rates, as well as higher discretionary load. Low-volume households have little discretionary load that they can shift to take advantage of low off peak rates. They are therefore simply hit by the price applied at the time of usage
- *Dual fuel households.* Households using other energy sources such as reticulated gas generally do not have significant off-peak electricity load to offset the more expensive peak and shoulder rates charged on a TOU tariff
- *Households with people at home during the day on weekdays.* People in full time business hours employment avoid domestic consumption at peak times. Their savings may not be great, but they avoid the higher rates other households cannot. Pensioners, people with disabilities, the unemployed, parents caring for young children and other carers all represent households more likely to be severely financially disadvantaged by TOU tariffs

The New Meters, New Protections: A National Report on Customer Protections and Smart Meters Report is available at www.vinnies.org.au

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Media enquiries:

Patrick McClelland
pmcclelland@porternovelli.com.au
0409 499 419

Louise Gates
lgates@porternovelli.com.au
03 9289 9555 OR 0433 314 909