

16 August 2021



[REDACTED]
Statutory Review of the Residential (Land Lease) Communities Act 2013
Policy and Strategy Division
Department of Customer Service
rlcreview@customerservice.nsw.gov.au

Dear [REDACTED]

Residential land lease communities: electricity charging options

The Public Interest Advocacy Centre (PIAC) is a leading social justice law and policy centre. We are an independent, non-profit organisation that works with people and communities who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to respond to the electricity charging options (the options) presented in the latest stage of the review of laws for residential land lease communities. We agree with the objectives for charging established by the Department of Customer Service (the Department), and the key considerations identified as part of this review process.

PIAC strongly supports the Department proceeding with a charging method broadly based on either of the options presented. PIAC concurs with the conclusion that none of the other options proposed during the review are appropriately fair, simple, practical, or likely to be effective. Both the single charge and separate charge methods would balance the interests of residents and operators through a simple, practical, transparent and consistent electricity charging structure.

Both options raise some issues to be addressed in determining the preferred charging method:

- **Multiple supply adequacy discount bands**

The existing discount bands should be retained whichever charging method is adopted. As the options paper illustrates, there is a significant difference in the utility of service available to a resident with 59 amps compared to one with 20 amps. It is not reasonable to have a single discount band for 'less than 60 amps', where a resident receiving 20 amps and unable to reliably use a toaster, would receive the same discount as someone receiving over 50 amps.

- **Consistency with market retail electricity charging structures**

A charging method consistent with market retail electricity offers is preferable. A charging structure comprising supply and usage components provides the most direct, transparent, consistent and meaningful comparison with market retail electricity offers. This allows greater potential alignment with rebates and other support and helps ensure fairness in accommodating and charging for solar installations onsite.

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- Calculations of median charges

The median supply and usage charges should be derived from all whole offers publicly available from retailers within each distribution zone. PIAC recommends the Independent Pricing and Regulatory Tribunal's (IPART) be responsible for this calculation, without necessarily specifying a method in legislation.

If further direction is included, PIAC prefers median charges to be calculated from 'whole offers'. Individual retailers have a wide range of offers where the proportion of supply and usage charges varies widely. For individual retailers the balance of supply and usage charges is varied in response to a range of factors, including customer usage. It is also dictated by business and hedging strategies and a retailer's desire to 'spread' the way costs are incurred and recovered across its business. Calculating the median supply charge and median usage charge independently could result in supply and usage charges that are not reflective of the true median of either. Utilising these medians together could contribute to an overall bill which is significantly higher than the median offer available in the market, and result in the resident paying more than is necessary or fair.

PIAC recommends the Department proceed with the 'separate charges method' that retains the existing bands of supply quality discount. This method should be amended to ensure median supply and usage charges are determined by IPART. If further direction is given, medians should be calculated from 'whole offers' available in the relevant distribution zone.

PIAC would welcome further opportunity to discuss these or any other issues in more detail with the Department.

Yours sincerely

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