

Christine McDonald  
Secretary  
Environment and Communications Legislation Committee

Via Email: ec.sen@aph.gov.au

20 September 2017

To whom it may concern,

**Re: Competition and Consumer Amendment (Abolition of Limited Merits Review) Bill 2017**

The Energy Users Association of Australia (EUAA) is the peak national body representing major Australian electricity and gas users. Our membership covers a broad cross section of the Australian economy including significant retail, mining, manufacturing, materials and food processing industries.

The EUAA welcomes the opportunity to make this brief submission on the abolition of the LMR regime. For background, we have provided our original submission to the review of LMR undertaken by the COAG Energy Council in October 2016. In this submission, we argued for a significantly revised LMR process that reduced the information and resource asymmetry that existed and in doing so facilitate greater consumer participation.

Given the COAG Energy Council was unable to agree on a revised LMR approach and with no better alternative than the current technically dense, adversarial and highly legalistic process, the EUAA supported the abolition of the LMR.

In our original submission, we also argued for a range of additional improvements that would facilitate better outcomes for consumers being:

- Further reducing constraints on the AER to access network information
- Provide the AER with additional resources to enhance their ability to develop more robust assessments and therefore more reliable determinations
- Provide additional resources to consumer groups (representing both large and small consumers) to participate in the AER process
- Develop binding positions on key parameters to reduce the scope of appeals
- Look at a negotiated settlement approach as a way of avoiding costly legal process

We are pleased to see that a number of these recommendations have been adopted by government including increasing AER resources. We are also pleased that network businesses are moving toward developing binding positions on key parameters such as WACC, although more work still needs to be done before an equitable position is reached.

We are also pleased to see the ENA, AER and ECA beginning to work more closely on consumer participation. The EUAA is also seeking to participate in these processes to ensure the issues of large energy users are well represented.

We would like to highlight that one of the most significant hurdles to participation for any consumer representative body is the information and resource asymmetry that exists. The EUAA are participating with other consumer bodies such as ECA on developing a more sustainable funding approach to help overcome this. We encourage government and the AER to seriously consider increasing resources available to all energy consumer groups to help facilitate greater participation. We firmly believe that greater consumer participation will lead to fairer outcomes for consumers and a more sustainable business model for network service providers.

On negotiated settlements, we are watching with interest how the recently implemented Gas Pipeline Arbitration Framework unfolds. Clearly our preference is to avoid costly legal process so a cost effective and timely arbitration framework may be worth considering in the future.

We would welcome the opportunity to further discuss these issues if so desired by the committee.

Kind regards

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Energy Users Association of Australia