



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

12th Assembly

Committee on the Northern Territory's Energy Future

Public Hearing Transcript

2.30 pm – 3.00 pm, Friday, 28 November 2014

Litchfield Room, Level 3, Parliament House

Members: Mr Gary Higgins, MLA, Chair, Member for Daly
Mr Gerry Wood, MLA, Deputy Chair, Member for Nelson
Mr Nathan Barrett, MLA, Member for Blain
Mr Gerry McCarthy, MLA, Member for Barkly

Apologies: Mr Francis Kurrupuwu, MLA, Member for Arafura

Witnesses: **Arid Lands Environment Centre Inc**
Mr Jimmy Cocking: Director

Mr CHAIR: On behalf of the committee I welcome everyone here to this committee on electricity pricing. I welcome to the table to give evidence to the committee, from the Arid Lands Environment Centre, Mr Jimmy Cocking, who is the Director. Thank you for coming before the committee. We appreciate you taking the time to speak to the committee and look forward to hearing from you today.

This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee applies. This is a public hearing which is being webcast through the Assembly's website. A transcript will be made for use of the committee and may be put on the committee's website. If, at any time during the hearing, you are concerned that what you will say should not be made public, you may ask the committee to go into a closed session and take your evidence in private.

I will ask you to state your name for the record and the capacity in which you appear. I will then ask you to make a brief opening statement before proceeding to our committee's questions.

Could you please state your name and the capacity in which you appear, and then go straight into an opening statement if you like.

Mr COCKING: Thank you. My name is Jimmy Cocking. I am the Director of the Arid Lands Environment Centre. That is the capacity in which I appear here today. Thank you for the opportunity to put in a submission and also to appear today.

The Arid Lands Environment Centre has been involved in the energy efficiency and renewable energy space for quite some time. Previously, we were a lot more engaged when we had the Desert Smart COOLmob project, which no longer exists. It was defunded this financial year.

We have produced a document called *The Road Map to a Desert Smart Town*. All MLAs received a copy of that. I will be speaking on some of those points we brought up in the energy section, but also to raise a few other points that came out through the Alice Solar City project around the time of new tariffs and smart metering. The limitations of that project were that 70 MW of gas-fired power station was brought in, in the middle of that, which reduced the supplier's need to be involved and being driven by that project.

We think it is important to get people educated if there to be changes in tariffs; that there is a significant injection of funds to do community education to make sure people, particularly the vulnerable, are aware of the changes and how they can minimise the cost impact on their daily life. Part of that means planning a transition for any changes, making sure there is a safety net and people are aware of the changes so they can start planning their own use. There needs to be targeted assistance and also providing some level of concessions to vulnerable people like low-income earners, to enable them to reduce the cost impact of any price rises on their daily life.

Also, one of the big things with the potential use of smart metering with time-of-use tariffs is there needs to be some education around that so people can monitor their bills and be able to monitor their household energy use to be able to make the behavioural changes necessary to ensure we do not end up, if the prices do rise, hurting the most vulnerable Territorians.

As far as renewable energy goes, we think the current one-for-one tariff in the Territory is working and is providing certainty for people investing in the renewable energy sector. Renewable energy strengthens the network in the grid by distributing the load across the network. It is imperative the Northern Territory government continues to provide incentives to create financial mechanisms to increase the uptake of renewable energy in the Northern Territory. This will reduce the cost impact on Territorians in the future, particularly as we are heading into a time where there is a significant push for exporting ever-increasing amounts of gas to the east coast, which will end up pushing up domestic prices. Therefore we can guarantee the cost of electricity, due to the current cost of gas, will continue increasing and, potentially, increase significantly over the next couple of years as we are exposed to those market conditions.

We are not opposed to network charges being put on – if people are having solar installations put on their house the Arid Lands Environment Centre is not opposed to people being billed according to the amount of energy they are producing. If they are being paid by Power and Water Corporation or Territory Generation to buy their power there should be a network charge helping to contribute to the network costs of transporting those electrons from their household roof.

Currently there is no climate change policy within the Northern Territory so it is very important there is an understanding that renewable energy, particularly solar, is the fastest growing energy across the world at the moment as far as megawatts go. It is really important to recognise that and prepare Territorians for a future where we have distributed networks with generation coming from people's rooftops and, in the long term, having gas as a

backup for that. What we would like to see is a reflection of the need for Territorians, particularly the vulnerable, in knowing the price is going up. We need to plan the transition to make sure there is clean energy finance and investment growing in the Northern Territory and we have sensible feed-in tariffs - the current one-for-one is sensible and we are not advocating for any more than that, but we also consider if there is a decrease in the feed-in tariffs there would not be a network charge on solar roof tops.

We think time of use tariffs and cost-reflective pricing is the way to go. If it is matched in community education we can get the behavioural changes necessary to help people manage their energy bills better. Considering the Northern Territory has the highest rising electricity prices, this issue needs to be considered amongst those other issues I have discussed.

That is our opening and I am happy to take questions on that.

Mr CHAIR: Thanks for that, Jimmy. In your submission you refer to bundled energy services. Can you explain what you mean by that?

Mr COCKING: That means vulnerable and low-income households will have inefficient devices so their fridges will be one star as opposed to four stars. It means creating opportunities for people to buy an energy efficient fridge knowing you can estimate usage, whether that be over a lifetime, and bundle it in so they buy the fridge and have an energy plan to go along with that. They would be paying for the use of the energy and the fridge as part of their bill. It is commonly referred to as 'negawatts', where people can save or make money by using less energy. There are examples, and I do not have them in front of me, but I can send them through where this has been used in the past.

Mr CHAIR: You talked about education and time interval billing. Are you aware of any advertising, education or communication being put out by the electricity people explaining these different options that are coming up into the future? Is there any education to tell people what time billing is, peak demand billing, accumulative billing? Do you think that there really needs to be a lot more work done in this area?

Mr COCKING: There definitely needs to be an adaptation of whatever information there is to the Territory context, particularly looking at the arid and Central Australian context and the Top End because they are quite different climatic conditions. Therefore, the energy loads are going to be different. The requirements are still going to be the same as far as peak loads go.

I do not have information regarding whether Victoria and other jurisdictions that have introduced these time-of-use tariffs do have the information. There would be some information available. I know for a fact when the smart meters were installed in households, there was a significant amount of information that was delivered then. Some of these companies are also going in and changing people's light bulbs at the same time, at the cost to the retailer. There is a wide range of opportunities we can engage the community on better understanding their energy bills and how they can make small changes in their everyday life to minimise the cost impact of any tariff increases on their life.

It would require paying someone contracted to, essentially, pull together the information that currently exists around Australia, then adapting that to the Territory context. That could be done by an organisation such as COOLmob that still exists in the Top End for now. It is obviously going to be cheaper to do something like that within the community sector and nesting it with somebody say like NTCOSS or one of the providers that are working closely with vulnerable households. It is something that needs to be done if there are going to be any changes, otherwise we will see significant challenges with people being disconnected and having unsustainable debt levels.

Mr CHAIR: Okay. In your opening statement you also spoke about the solar trial there, and made mention of a new gas turbine coming online, or something. I did not quite understand what you meant by that. Can you go back through how that impacted on that solar trial?

Mr COCKING: Yes. In my submission, I included a link to the study. In the middle of that trial, Power and Water invested in the change of the combined cycle gas generator at Brewer Estate here which, therefore, decreased the supplier's incentive to continue on with the trial. Power and Water Corporation was no longer incentivised to reduce people's peak use because that new generator was put in. The challenge now for increasing renewables and getting Power and Water Corporation to engage in this space, particularly in Central Australia, is they invested all this money - it is somewhere between \$180m and \$230m - into the new power station here, which then reduced their need to look at other options.

That is what I am saying. Ultimately, because they invested in that in the middle of the trial, they no longer had the incentive to maintain the basis of it, so it fell away. That is at the end of their report in behavioural responses. There was no drive from Power and Water to maintain its incentive with that.

Ms MANISON: Sorry Jimmy, I missed a bit of the opening statement. I am sorry if I am going over a bit of old ground you have already covered. You did a fair bit of work through the solar cities project on the smart metering trials there?

Mr COCKING: Yes, not us personally. We were involved in a consortium that did that work, yes.

Ms MANISON: Have you covered that off already? No? What did that find? How did that trial go, from your view?

Mr COCKING: From my understanding, the results were inconclusive because the drivers of it, which were both the town council and Power and Water Corporation, seemed to lose a bit of interest because it was like, 'What is the point?' We already have so much more generation here now that they are not motivated to try to reduce that to increase the efficiency because they want to get the money to pay off that new installation. That makes sense, and if you look at it from their perspective, 'Okay, I've just invested hundreds of millions of dollars into this power station', they no longer want to – did not need to worry about small increases and increasing efficiency because they wanted to get as much power out the door to pay off the asset.

Ms MANISON: Is COOLmob operating there anymore going to individual households to engage them on how to reduce electricity consumption?

Mr COCKING: No, it is only operating as a website now. Some information has been accumulated over the 12 years and is on the website. We promote the website as much as we can within our circles of influence and networks, but we do not have COOLmob operating here anymore.

There is some work going on at the moment with social enterprise (inaudible) Arid Edge Environmental Services and we are doing some work with Anglicare and other housing providers. We are still trying to engage the Department of Housing on this. It ticks a small box around energy efficiency education and water efficiency; however, if we are to have any systemic change around this it requires the Department of Housing to step up and engage with it. We are hoping in the New Year we can get a solid footing and start moving forward on this. It is only about \$20 000 to work with some of the smaller housing providers to train financial counsellors who are already engaged with low-income earners to assist in managing their bills.

There are conversations going on, but it needs to be on a systemic level and not in a smaller scale.

Ms MANISON: Prior to COOLmob funding issues, was it an effective model for helping people understand electricity use and being able to reduce their bills? Was it working well in Central Australia?

Mr COCKING: I think the combination between COOLmob, Alice Solar City and the Alice Water Smart project - the three were having quite a lot of penetration in the community as far as joining the dots between water efficiency and energy use as a town, but also in looking at connecting the dots between energy use and energy efficiency and some of the small behavioural changes you can make.

About two or three years ago was their heyday for education around that, but as we all know there are significant issues in the Top End and also here with the transitory nature of the population. It requires an ongoing effort to continue to educate and engage people around these issues.

You cannot just do it once and think you can get this through because there is such a change of population. If investment was made in this, I would be suggesting there be conversations going on with myself and others who have been involved with the Alice Solar City project, Alice Water Smart and COOLmob to design a program to maximise our engagement with low-income earners.

The problem with all those programs is they were largely aimed at homeowners - COOLmob a bit with renters but largely home owners - because they are the people who make changes to their houses or businesses to increase their energy efficiency. There is already the higher echelon of the economic index in the region so we need to look at ways of engaging people who live in public housing and we to spend time looking at how to engage the rental market on these issues. If there are tariff changes it is the perfect time to line the ducks up and get the education out so people understand it.

There is also an imperative behind the pricing mechanism for people to engage with and make changes if they could connect the dots to say, 'If I leave the lights on or the air conditioner on all day it will hurt me financially'.

That is a simplified example, but it would be the ideal time to roll out a community-wide education program across the Territory on radio, television and people knocking on doors and talking to people about it as well, and creating those opportunities for people to engage.

Ms MANISON: Thank you.

Mr WOOD: In relation to the Centre for Appropriate Technology, do they get involved, especially in remote communities, in some of these energy efficiencies, or do you get out there and do some of that work?

Mr COCKING: No, we have not had the opportunity to do that, Gerry. Thank you for that question. CAT, in the past, has done a lot of work with Bushlight. From what I understand, there were some changes in contracts. The contracts went out to Ingkerreke for the remote housing here and in the homelands which meant the Bushlight program is a lot lighter than it used to be, significantly. From what I have heard, somewhere between half and two-thirds of CAT staff had to be let go off in recent times due to projects not coming through and changing circumstances.

We are in a situation where we are in a bit of ebb, down to the bottom of the boom-and-bust curve at the moment as far as energy efficiency engagement goes in this town and this region. I am not talking millions of dollars, but it is going to need a significant investment to make sure we make the most of this opportunity that appears to have been presented to us with the changing of the tariff structure.

To answer your question, Gerry, Bushlight, as far as I know, is no longer operating.

Mr WOOD: Thanks, Jimmy.

Mr CHAIR: Thank you for that Jimmy. We appreciate your time today. I am sure we will talk to you again. Is there anything else you think we should be made aware of before we finish?

Mr COCKING: Was there a list of who gave submissions? Or will that come out later? I am interested to see who else was making submissions because there is a good opportunity for collaboration between community, government and business - business being Power and Water or Jacana - to make sure we get this right and do not leave anybody behind.

Mr CHAIR: We approved last week for all of the submissions to be published on our website. The transcript of all the hearings today will be on our website, plus all the previous ones. If you go to the website you will be able to get them, through the Legislative Assembly website. We will have the link e-mailed to you; that will be easier.

Mr COCKING: Thank you very much. Also, if you have any more questions please do not hesitate to flick me an e-mail or give me a call. I am happy to help.

Mr CHAIR: Not a problem. Thank you very much for your time.

Mr WOOD: Thanks, Jimmy.

Mr COCKING: Thank you. Have a great weekend.