



18 June 2010

Mr Gary Henry
Director
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

By email: electricity@qca.org.au

Dear Mr Henry,

RE: REVIEW OF ELECTRICITY RETAILER AND DISTRIBUTOR CREDIT SUPPORT GUIDELINES

Origin appreciates the opportunity to comment on the Queensland Competition Authority's (QCA) *Review of Electricity Retailer and Distributor Credit Support Guidelines*.

In general terms Origin would discourage changes to jurisdictional frameworks where these are to be subsumed into the national framework. If the QCA deems through the process of consultation that changes are required to credit support guidelines then Origin would encourage the QCA to investigate the model in the National Energy Customer Framework (NECF), which has been the subject of extensive industry and consumer consultation. It would be of benefit to industry and consumers if the QCA could use this as a model.

Origin would caution the QCA against adopting a model that looks to encourage retail competition by lowering credit support requirements for retailers. Sound credit requirements help to protect customers from market disruption that occurs when a retailer defaults on payments to distributors. This helps to control costs to customers. The failure of retailers such as Jackgreen puts considerable pressure on the industry and is not in the long term interests of customers.

Origin would note that South Australia is currently considering changes to its credit support guidelines. If these go ahead as proposed it will further convergence towards the model adopted in the NECF, providing a further basis for the QCA to consider adopting the NECF model directly.

If you have any questions about this submission please do not hesitate to contact Steven Macmillan on 03 8665 7155.

Yours sincerely

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Bev Hughson
Regulatory Development Manager