



queensland council of social service inc
WORKING FOR A FAIR QUEENSLAND

11 September 2009

Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

electricity@qca.org.au

Dear Sir / Madam

RE: Draft decision: Proposed amendments to the Electricity Industry Code regarding customer claims for Guaranteed Service Level (GSL) payments

Thank you for the opportunity to respond to the above mentioned Queensland Competition Authority discussion paper.

The Queensland Council of Social Services (QCOSS) is the peak body for over 600 welfare and community sector organisations in Queensland. For 50 years QCOSS has worked to promote social justice and exists to provide a voice for and with Queenslanders affected by poverty and inequality. We act as a Statewide Council that leads on issues of significance to the social, community, and health sectors. We work for a Fair Queensland and develop and advocate socially, economically and environmentally responsible public policy and action by community, government and business.

Three month time limit for lodging claims

QCOSS reiterates our support, expressed in our response to the discussion paper, for extending the time limit for customers to lodge a claim for a GSL payments to three months where a time limit currently exists, and our concerns about imposing a time limit where one does not currently exist.

The decision to impose a time limit for customers to make GSL claims where they have not been automatically paid increases the importance of improving consumer awareness of the GSL scheme.

Consumer awareness of GSL payments

The success of the GSL scheme in providing an incentive for distribution entities to meet minimum service standards depends on consumers having the ability to hold distributors to account for breaches of these standards. To do so they need to be aware of the minimum service standards, their entitlement to a payment if these standards are breached, the requirement for distributors to use their best endeavours to make GSL payments, and the processes for lodging a claim if this does not occur. We do not agree that the proposal to require automatic payment for all types of GSL breaches is sufficient to overcome lack of awareness of the scheme or to ensure adequate accountability.

QCOSS supports the recommendations of the Queensland Consumers Association and the Financial Counsellors Association that information on the GSL scheme be included with electricity bills at the end of each financial year, and that retailers be required to provide links to information on GSL payments on their websites.

We note that both Energex and Ergon Energy currently provide information about GSL payments in their customer charters, however the Electricity Industry Code only requires that a copy of the Customer Charter be provided following entry into a connection contract after the FRC commencement date, or on request. It is not clear to us whether a connection contract is deemed to have commenced when the distribution entity first began providing connection services at a premises, or when the current occupant moved into the premises. QCOSS recommends that the QCA clarify when distribution entities should provide a copy of their Customer Charter, particularly given the issues Energex has raised with respect to the excessively long timeframes involved in obtaining customer data from retailers.

We also note that the Electricity Industry Code did not require that existing customers at the FRC commencement date be provided with a copy of the Customer Charter. Thus a large number of consumers have never been provided with information about the GSL scheme, or their other rights and obligations relating to connection services.

One month limit for processing claims

QCOSS supports the QCA's proposal to require distributors to use their best endeavours to process a GSL claim lodged by a customer within one month. We are concerned, however, at Energex's claims that retailers may take eight weeks or longer to provide customer data. We recommend that distributors' reporting requirements be extended to include the average length of time taken to process a GSL claim, number of claims where the one month limit has been exceeded, and reasons for not meeting the time limit, with consideration given to implementing a penalty regime if it is found either that a failure on the part of retailers to provide timely and accurate customer data is causing significant delays in processing GSL claims, or that distributors are not taking adequate measures to ensure timely processing of GSL claims.

All types of GSL payments to be made automatically

QCOSS supports the QCA's proposal to require distributors to use their best endeavours to make payments automatically for all types of GSLs. We note, however, that the proposed amendments do not specify a timeframe within which payments must be made. We believe that there should be an explicit timeframe of one month which distributors should be required to use their best endeavours to meet in making automatic GSL payments. This would be useful in providing a guide to consumers as to when they should expect to receive a GSL payment, and when they should take steps to lodge a claim if it has not been received. Without an explicit timeframe customers may choose to wait for an automatic payment by the distributor which may not actually be forthcoming, rather than lodge their own claim. The risk of the distributor not acting will be transferred to the customer, who will waste the time they have to make their own claim. Further, if there is no timeframe within which a distributor should be considered to have failed to comply with their obligation to make a GSL payment, it will make monitoring distributors' compliance with their obligations in this regard extremely difficult. If distributors have difficulty meeting this timeframe due to the time it currently takes to obtain customer data, then solutions to address this deficiency must be sought.

We further recommend that distributors' reporting requirements should also be extended to include the length of time taken to process automatic payments, number of payments made automatically and number for which a claim was lodged by the customer, and reasons for delays in processing automatic payments.

QCOSS also supports the recommendation of the Queensland Consumers Association that audits be conducted to ensure compliance with the requirement to automatically process GSL payments. Reporting of GSL claims and payments processed is not sufficient to ensure that distributors are complying with their obligations to identify and initiate automatic payments to customers who are affected by a breach of GSL standards.

The interruption frequency GSL – clause 2.5.9(a)(ii)

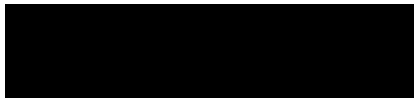
QCOSS supports the QCA's proposal to amend the Code to allow interruption frequency GSL payments to be made at the end of the financial year. However, the concerns discussed above in relation to the timeframe for distributors to make automatic payments also apply to this amendment. Although no timeframe is specified in the text of the proposed amendments, the draft decision refers to distributors making an interruption frequency GSL payment within three months of the end of the financial year. This could lead to customers missing the deadline for lodging an interruption frequency GSL claim because they believed that an automatic payment would be made. The timeframe for distributors to make an automatic payment should be less than that for customers to lodge a claim so that customers have a clear guide as to when they should lodge their claim on the assumption that an automatic payment will not be forthcoming.

Card operated meters

QCOSS reiterate the view expressed in our response to the discussion paper, that clause 2.5.13 of the Electricity Industry Code should also be amended to extend the time limit for customers using card operated meters to lodge GSL claims from one month to three months. We note that the majority of card operated meter users are Aboriginal and Torres Strait Islander people living in remote communities, and therefore are a highly vulnerable group of consumers. While we acknowledge that the equipment in use at present does not allow distributors to distinguish between loss of supply caused by interruptions or by lack of credit, this situation increases the importance of consumers being able to make claims in ensuring that the GSL scheme works as an incentive to ensure standards of service are met. Given also that electricity supply has been historically problematic in remote Indigenous communities¹, we do not see any logic or justification in applying a shorter deadline for lodging claims to this group of customers

We look forward to continuing to represent the interests of Queensland consumers in all energy related matters. If you would like any further information or to clarify any aspect of this submission, please feel free to contact me on 3004 6900.

Yours sincerely



Linda Parmenter
Manager, Policy and Communication

¹ According to ABS data, 34 out of 39 discrete Indigenous communities in Queensland where data was collected experienced electricity interruptions in 2006, of which 4 had 20 or more interruptions. (Australian Bureau of Statistics, 2007, *Housing and Infrastructure in Aboriginal and Torres Strait Islander Communities, Australia*, Cat. No. 4710.0)