



12 November 2009

Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

by email: [electricity@qca.org.au](mailto:electricity@qca.org.au)

Dear Sir/Madam,

**RE: RETAILER REPORTING REQUIREMENTS ELECTRICITY AND GAS INDUSTRY CODE REVIEWS**

Origin appreciates the opportunity to comment on the Draft Determination on retailer reporting requirements in the Queensland electricity and gas industry codes.

Origin notes that the QCA is proposing to increase the frequency and detail of reporting in Queensland in relation to disconnections, complaints and hardship. Origin raised a number of arguments in its submission to the interim consultation notice and provides some further detail below in support of these arguments.

*Comparison between states*

Origin notes the QCA's argument that because there are reporting requirements in other states equivalent to those proposed in Queensland the burden for national retailers should not be too onerous. While this will help to mitigate the cost of the new requirements to some extent, Origin maintains that each new reporting requirement involves additional costs. These costs relate to generating separate reports relevant to specific jurisdictions and ensuring that the reports are delivered to the correct parties within the required timeframes.

As noted by the QCA, the costs of new requirements must be weighed against the benefits flowing from more detailed and more frequent information. Here, again, the QCA refers to more extensive reporting requirements in other states as evidence that consumers in those jurisdictions benefit from increased reporting. However, in Origin's view, the fact that other states collect more data does not necessarily mean that consumers in those jurisdictions have found this information useful, or that the increased data have made it easier for authorities to identify systemic problems in those markets.

As outlined in Origin's initial submission, merely collecting more data does not guarantee that the information collected will facilitate effective policy-making that is in consumers' interests.

The topic of hardship provides good examples of the limitations associated with gathering more detailed data. Origin has sought for some time to isolate certain customer characteristics that correlate with an increased incidence of hardship. Examples of groups that have been analysed include pensioners, those eligible for concessions and



those disconnected and reconnected at the same premises. However, in general, Origin has found these factors to be unreliable, because:

- the categories of pensioner and concession card holder are broad (including a spectrum of customers from those with low incomes to a not insignificant proportion of high net worth individuals);
- the group who identify themselves as in hardship may not be representative of the total population who experience hardship at some point, and
- some who postpone or avoid payment – even to the point of disconnection – are not experiencing financial difficulty but are merely ill-equipped to manage their financial affairs or relatively unconcerned about the impacts of missed payments.

In other words, a pensioner on the hardship program managing their payments effectively may be coping rather better with their financial affairs than many who are not on the program. A customer having difficulty meeting bill payments will not show up in the data unless they identify themselves as in hardship or are disconnected. The pensioner on the hardship program managing payments effectively will become the focus of the data collection exercise, even when relatively speaking they are in better control of their circumstances than many others who cannot be identified. The significance of customers being on the hardship program for a short or long period, or with large or small debts, depends on the individual circumstances of the customer in question.

Thus Origin questions again the value that will come from breaking down statistics on disconnections and hardship in to multiple sub-categories. In Origin's view, the case for collecting more detailed data remains underdeveloped. Suggesting that more data is relevant because it is reported in other jurisdictions is not a valid justification. Origin has noticed that in other jurisdictions where more detailed data is collected it is reported without any attempt to interpret its significance. An argument often presented to retailers is that it is the combination of many different data indicators that helps to present a broad picture and to identify trends. Origin sees these exercises as pointless when a number of different interpretations can readily be drawn from the same data.

#### *Changes ahead of the NECF*

In its submission to the QCA's Interim Consultation Notice, Origin argued that the QCA should avoid formulating changes to its regulations and codes in areas that will be covered by the National Energy Customer Framework. In its Draft Decision, the QCA seeks to address this issue. However, Origin maintains that its initial arguments in this regard still stand.

Taking the example of frequency of reporting on complaints and disconnections, the QCA argues that, since the NECF is yet to determine a position on this issue, it is reasonable to change these requirements ahead of the NECF. The QCA points out also that the process of consultation on the NECF must have regard to existing obligations at jurisdictional level, and that a number of jurisdictions have similar requirements to those proposed in Queensland.

Origin would argue that generating new obligations in anticipation of the NECF should not be seen as a means to supplement consultation on the national framework. There is no guarantee that the option adopted in Queensland will be the option adopted in the NECF. Indeed, the most appropriate option for all jurisdictions may be one that does not currently exist in any state.

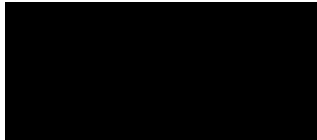
There is also a genuine risk that creating fresh requirements based on consultation at jurisdictional level will make it harder for jurisdictions to move across to the national



framework in a timely fashion. As things stand, jurisdictions face no obligation to adopt the NECF in full by a certain date, meaning they could in theory maintain caveats to the application of the NECF for an extended period. If exceptions are maintained at the jurisdictional level this will greatly increase the complexity for retailers adopting the NECF, since each retailer will need to build systems that can apply the version of the NECF as adopted by each jurisdiction. Origin urges the QCA to consider this risk, since this eventuality would largely negate the benefits of the national framework. Hence, Origin maintains that the QCA should refrain from developing new requirements in anticipation of a move to the national framework in full once it is finalised.

Should you have any questions relating to this submission, please contact Steven Macmillan on (03) 8665 7155 in the first instance.

Yours sincerely



Randall Brown  
Regulatory Development Manager