



**Interim Consultation Notice**

**Retailer Reporting Requirements  
Electricity and Gas Industry Code  
Reviews**

**August 2009**

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## SUBMISSIONS

Public involvement is an important element of the decision-making processes of the Queensland Competition Authority (the Authority). The Authority is releasing this Interim Consultation Notice to seek stakeholder views on a number of proposed changes to the Electricity Industry Code and the Gas Industry Code relating to reporting requirements and the issue of special meter readings. To assist stakeholders in preparing a submission, the Authority has identified a number of key issues that need to be considered. The issues that have been identified are not exhaustive and are provided as guidance only. Submissions received on issues other than those identified will be fully considered. The Authority will take account of all submissions received by the due date.

Written submissions should be sent to the address below. While the Authority does not necessarily require submissions in any particular format, it would be appreciated if a printed copy and an electronic version (Microsoft Word format) are provided. Submissions, comments or inquiries regarding this paper should be directed to:

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Submissions must be received by 5pm Friday, 4 September 2009.

For further enquiries contact Gary Henry on (07) 3222 0555

### Confidentiality

In the interests of transparency and to promote informed discussion, the Authority would prefer submissions to be made publicly available wherever this is reasonable. However, if a person making a submission does not want that submission to be public, that person should claim confidentiality in respect of the document (or any part of the document). Claims for confidentiality should be clearly noted on the front page of the submission and the relevant sections of the submission should be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two copies of each version of these submissions (ie the complete version a second excising confidential information) could be provided. Where it is unclear why a submission has been marked "confidential", the status of the submission will be discussed with the person making the submission.

While the Authority will endeavour to identify and protect material claimed as confidential as well as exempt documents (within the meaning of the Freedom of Information (FOI) Act 1989), it cannot guarantee that submissions will not be made publicly available. As stated in s187 of the Queensland Competition Authority Act 1997, the Authority must take all reasonable steps to ensure the information is not disclosed without the person's consent, provided the Authority is satisfied that the person's belief is justified and that the disclosure of the information would not be in the public interest. Notwithstanding this, there is a possibility that the Authority may be required to reveal confidential information as a result of an FOI request.

Subject to any confidentiality constraints, submissions will be available for public inspection at the Brisbane office of the Authority, or on its website at [www.qca.org.au](http://www.qca.org.au). If you experience any difficulty gaining access to documents please contact the office (07) 3222 0555.

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## 1. INTRODUCTION

The Electricity Industry Code (Electricity Code) and Gas Industry Code (Gas Code) require retailers and distributors to periodically report a range of information to the Authority.

Following feedback from the Authority's Consumer Advisory Committee (the Committee), the Authority is seeking stakeholder views on the desirability of amending the Electricity and Gas Codes in a number of respects.

In this regard, following receipt by the Authority of the first annual reports from retailers on the level of disconnections and complaints, the Committee indicated that it considered the reports received did not give a clear indication of the underlying situation in the retail energy market. The Committee was also concerned at the rising level of complaints being recorded by the Energy Ombudsman Queensland, which had shown a substantial increase in the second year of Full Retail Competition (FRC). The Committee felt that improving the reporting requirements under the Codes would help the Authority and consumer groups identify if this increase was due to greater awareness of the Energy Ombudsman or an indication of a wider systemic problem in the market.

The current reporting requirements are set out in clause 8.5 of the Electricity Code and clause 6.5 of the Gas Code. Changing data collection or reporting frequency would require changes to the applicable Industry Code.

In addition, the Committee suggested that the Authority canvass views on the current limitation (contained in clause 6.6(c) of the Electricity Code) on the ability of a retailer to request a special meter reading in order to give effect to an *in situ* transfer of a customer. At present, such customers are only able to be transferred to a new retailer at the time of their next scheduled meter reading.

The Authority believes there may be merit in the suggestions provided by the Consumer Advisory Committee and is therefore seeking stakeholder feedback on the proposed changes.

### 1.1 Timetable

An indicative timetable for the review is outlined below:

- Interim Consultation Notice issued - 21 August 2009;
- Submissions on Interim Consultation Notice close – 4 September 2009;
- Draft Decision and Draft Amended Code released – 28 September 2009;
- Submissions on Draft Decision and Draft Amended Code close – 16 October 2009; and
- Final Decision released – 23 November 2009.

### 1.2 Relevant documents

The following references provide important information regarding the legislative framework that the Authority is required to consider in reviewing the Electricity and Gas Industry Code changes.

The Electricity Regulation 2006 can be obtained from:

- <http://www.legislation.qld.gov.au/LEGISLTN/CURRENT/E/ElectricR06.pdf>

The Electricity Industry Code can be obtained from:

- [http://www.energy.qld.gov.au/zone\\_files/Electricity/electricity\\_industry\\_code\\_fourth\\_edition.pdf](http://www.energy.qld.gov.au/zone_files/Electricity/electricity_industry_code_fourth_edition.pdf)

The Gas Supply Regulation 2007 can be obtained from:

- <http://203.19.232.150/LEGISLTN/SLS/2007/07SL123.pdf>

The current Gas Industry Code can be obtained from:

- [http://www.dme.qld.gov.au/zone\\_files/Gas/gas\\_industry\\_code.pdf](http://www.dme.qld.gov.au/zone_files/Gas/gas_industry_code.pdf)

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## 2. REPORTING REQUIREMENTS

Clause 8.5 of the Electricity Code requires the Authority to review the development of the Queensland electricity market following the introduction of FRC by monitoring and publishing quarterly data on the number of small and large customers who are on market contracts and annual data on customer disconnections and complaints collected from retail entities.

Similar provisions are also contained in clause 6.5 of the Gas Code which requires monitoring and publishing small customer complaints and disconnection data. A small customer is defined in the Gas Supply Regulation 2007 as a customer consuming less than 1TJ annually.

After experience with reporting under both Codes, the Authority is concerned that the data it is receiving is inadequate and not sufficiently timely to enable the Authority to adequately monitor the development of the electricity and gas markets.

The Authority's Consumer Advisory Committee has similar concerns. In this regard, in reviewing the first set of annual disconnection and complaints data received, the Committee expressed concern regarding the quality of the data and that the narrow range of data being reported, while it might show the level of disconnections and complaints, provided little information about the reasons for the level of disconnections or complaints. For example, the Committee felt there was nothing to indicate whether the level of disconnections was a larger problem for certain sections of the community or if it was spread throughout the community. They also questioned whether subsequent reconnections were due to the instigation of hardship programs or for other reasons and what issues were driving the level of complaints. In general, they were of the view that some of the current data reporting requirements did not readily support informed consideration of retailer performance or market conditions.

In considering these issues, the Committee was of the view that increasing the frequency and type of data being reported by energy retailers would greatly assist the Authority in its monitoring role and provide more useful information to the community in identifying cases of consumer hardship and wider systemic issues affecting consumers in the energy markets. In addition, the Committee noted that current reporting requirements regarding disconnections relate only to those initiated by retail entities and felt that requiring distributors to report on disconnections they initiated would provide further insight into the operations of the energy market in Queensland.

The Authority considers that the Committee's suggestions are worthy of wider consideration.

The Authority has therefore prepared for consideration a number of specific changes to the Electricity and Gas Codes in response to the concerns noted above. In summary, the proposals are:

- (a) requiring retailers to report customer complaint and disconnection data quarterly, rather than annually, as currently required under clauses 8.5.3 and 8.5.4 of the Electricity Code and clauses 6.5.2 and 6.5.3 of the Gas Code;
- (b) requiring distributors to report distributor initiated customer disconnection data;
- (c) requiring retailers to further disaggregate customer complaints data required under clause 8.5.4 of the Electricity Code and clause 6.5.3 of the Gas Code;
- (d) requiring data to be provided specifically identifying cases where customers have been reconnected because of hardship considerations. This requirement would go beyond the current requirement to report customers reconnected within seven days under clause 8.5.3

of the Electricity Code and clause 6.5.2 of the Gas Code, which may or may not be due to hardship considerations; and

- (e) requiring gas retailers to report on the number of small customers, as well as the number of residential and business customers under clauses 6.5.2 and 6.5.3 of the Gas Code, to bring these requirements into line with those currently in the Electricity Code.

The following sections provide specific changes to the Electricity and Gas Codes which would give effect to the above proposals. The Authority invites submissions from interested parties on the proposed Code changes.

## 2.1 Monitoring and reporting role

Clause 8.5.1 of the Electricity Code and clause 6.5.1 of the Gas Code require the Authority to publish on an annual basis by retail entity information on customer disconnections and complaints.

**The Authority seeks stakeholders' views on the proposal to change 'annual basis' to 'quarterly basis' to reflect the proposed changes to retailer reporting frequency under the Electricity and Gas Codes.**

## 2.2 Customer disconnection data

Clause 8.5.3 of the Electricity Code and clause 6.5.2 of the Gas Code require retail entities to supply the Authority with customer disconnection data within two months after the end of each year.

**The Authority seeks stakeholders' views on the proposal to change 'within two months after the end of each year' to 'within one month after the end of each quarter'.**

Clause 6.5.2 of the Gas Code requires retail entities to supply the Authority with small customer disconnection data while clause 8.5.3 of the Electricity Code requires retailers to report small customer disconnection data disaggregated data by residential and small business customers.

**The Authority seeks stakeholders' views on the proposal to require gas retailers to report disaggregated data by residential and small business customers, bringing it in line with the Electricity Code**

**The Authority also seeks stakeholders' views on the proposal to require distributors under both Codes to separately report the number of disconnections initiated by them.**

Clause 8.5.3(c) and (d) of the Electricity Code and clause 6.5.2(b) of the Gas Code relate to reporting on the number of small residential and small business customers that were disconnected due to non-payment but who were reconnected within seven days with the same name and premises.

**The Authority seeks stakeholders' views on how these sections could be drafted to acquire more meaningful data, including reconnections on account of customer hardship.**

### 2.3 Customer complaint data

Clause 8.5.4 of the Electricity Code and clause 6.5.3 of the Gas Code require retail entities to supply the Authority with data on the number of complaints received from small customers within two months after the end of each year.

**The Authority seeks stakeholders' views on the proposal to change 'within two months after the end of each year' to 'within one month after the end of each quarter'.**

Clause 8.5.4 of the Electricity Code and clause 6.5.3 of the Gas Code also require retailers to supply the Authority with data on the following categories for the previous year:

- (a) total number of complaints;
- (b) billing or account complaints; and
- (c) other complaints.

In addition, clause 8.5.4 of the Electricity Code requires that the information be further disaggregated into complaints from residential and small businesses.

**The Authority seeks stakeholders' views on the proposal to require gas retailers to further disaggregate data into complaints from residential and small businesses, mirroring the current requirements under the Electricity Code**

**More generally, the Authority also seeks stakeholders' views on how this requirement could be re-drafted to acquire data that will be more useful in assessing the state of the markets and the performance of those operating in the markets, including gathering specific information on hardship issues affecting customers.**

### 3. RESTRICTION ON SPECIAL METER READS

At present, most electricity meter readings are scheduled quarterly and customers are transferred between retailers with effect from the customer's next scheduled meter reading, at no cost to the customer.

To effect a transfer on a date other than the next scheduled meter reading, a special meter reading would be required and a fee would be charged.

However, clause 6.6(c) of the Electricity Code prohibits a retailer from requesting a special meter reading where the main purpose is to give effect to an '*in situ*' transfer of a customer (that is, where the customer is not vacating or moving into the premises but is simply transferring from one retailer to another at the same premises). There are exceptions to this where a scheduled meter reading attempted after the customer entered into the new retail contract failed to take place or no other actual meter reading is available and the customer is new to the premises. However, these are not at issue here.

Similar restrictions do not apply in New South Wales, Victoria or South Australia. However, any consumer wishing to change retailers before their next scheduled meter reading is required to pay a fee. This fee is charged by the distributor and passed through to consumers by the retailer.

In normal circumstances, it is likely that the cost of a special meter reading would be greater than the savings an average electricity customer would gain by being able to transfer to a new retailer ahead of the next scheduled meter reading.

The current restriction is designed, amongst other things, to discourage retailers from immediately transferring customers as soon as they are signed up, to their advantage but at the cost to the customer of a special meter reading fee. Therefore, in considering this matter, the Consumer Advisory Committee recommended that removal of the current prohibition on special meter readings for *in situ* transfers should be accompanied by a requirement in the Code that a special meter read could only be requested by a retailer to effect an *in situ* transfer where the customer had given explicit consent.

Even so, removing the restriction may provide an avenue for unscrupulous marketers to obtain consent without clearly explaining the financial implications for the customer.

Clause 6.6 (c) of the Electricity Code allows the Authority to terminate the restriction on special meter readings in respect of *in situ* transfers by nominating an end date after which requesting special meter readings to enable in-situ transfers would be allowed. A code change is not required.

**The Authority seeks stakeholders' views on whether the Authority should:**

- (a) terminate the current restriction on special meter readings in respect of *in situ* transfers; and**
- (b) if the restriction is terminated, change the Electricity Code to require explicit customer consent before a retailer can request a special meter reading for such a transfer.**