

	<p>A non-profit, volunteer organisation, advocating to advance the interests of consumers in Queensland</p> <p><i>Secretary:</i> <i>Max Howard</i> <i>PO Box 261</i> <i>Corinda Q 4075</i> <i>Telephone: 0419 678 395</i></p>
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16 November 2009

**SUBMISSION ON QCA'S DRAFT REPORT -
REVIEW OF ELECTRICITY PRICING AND TARIFF STRUCTURES
- STAGE 2, NOVEMBER 2009**

BACKGROUND

The Queensland Consumers' Association (the Association) is the peak body for consumer groups in Queensland. The Association's members work in a voluntary capacity. The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups.

The Association made detailed written submissions on the draft report of stage 1 of the review and on the first phase of stage 2.

However, due to resource constraints and the extremely limited time between the release of the draft report and the closing date for submissions, the Association is unable to make a detailed submission on the draft report.

Accordingly, the Association refers QCA to the submission being prepared by QCOSS and confines its submission to the comments listed below. The Association also considers that many of the points made in its previous submission are also relevant to the draft report.

The contact person for this submission is: Ian Jarratt, email ijarratt@australiainmail.com

COMMENTS

Cost recovery and reflectivity

The Association agrees in principle with these policy objectives but emphasises that fully cost reflectivity is unlikely to be achieved for each consumer or even groups of consumers. Accordingly, a balance is required in how far to pursue the quest for cost reflectivity.

The Association reiterates its view that where possible significant cost differences due to geographic location should be taken into account in setting tariffs. The Association considers that there is great scope for this to be done better throughout the state and especially in the Ergon distribution area which has only 2 charging zones. As a minimum the Association considers that there should be separate charging zones for some of the major urban areas, for example Toowoomba, Rockhampton, Townsville and Cairns.

Alignment of network and retails tariffs

The Association notes and agrees with the QCA's conclusion that aligning network and retail tariff structures is a critically important objective.

However, the Association considers that much more work and consultation with all stakeholders, including consumers, is required on how this might best be achieved.

The Association also notes that retailers are still able to offer market contracts completely unrelated to network tariffs if they so wish.

Uniform tariffs

The Association welcomes the QCA's recognition that uniform notified prices need to be set with an eye to not only promoting competition but also to providing a fair price for those unable to choose a market based alternative.

Roles of regulated tariffs

The Association welcomes the QCA's recognition that regulated tariffs are essential in areas where retailers will not or can not offer market contracts to all or some consumers. The Association also notes that this applies also to consumers in the Energex as well as the Ergon area.

The Association also emphasises that regulated tariffs perform a critically important role in the achievement of public policy objectives including: ensuring electricity prices are affordable in remote areas, providing incentives for consumers to choose and "compensation" for being required to accept interruptible supply and direct load controls, providing incentives for self generation and feeding into the network, etc.

Time of use tariffs

The Association does not support the introduction of voluntary opt in time of use tariffs for residential customers with interval meters until further work has been done on the implications for consumers, it has been shown conclusively that there would be substantial net benefits for consumers, and consumers are guaranteed the right to revert back to non time of use tariffs.

Transitional arrangements

The Association welcomes the QCA's recognition of the need for transitional arrangements designed to assist consumers adversely affected by changes to tariff structures and levels.