

QUEENSLAND COMPETITION AUTHORITY

MINUTES OF CONSUMER ADVISORY COMMITTEE MEETING

WEDNESDAY, 2 JUNE 2010 – 10:00AM

LEVEL 19, 12 CREEK STREET, BRISBANE

PRESENT: Members

Mr Gary Henry (Queensland Competition Authority, Presiding Officer)

Mr Eric Danzi (Queensland Cane Growers Organisation)

Mr Ian Jarratt (Queensland Consumers Association)

Ms Rose Brown (Tenants Union of Queensland)

Mr David Lawson (Financial Counselors Association of Queensland)

Mr Megan Lewis (Commerce Queensland)

Ms Linda Parmenter (Queensland Council of Social Service)

Observers

Mr Gary Sacre (Energy Ombudsman Queensland)

Mr Darren Schneider (Mines and Energy)

Mr Ian Chapman (Mines and Energy)

Mr Adam Liddy, and Mr Zaeen Khan (Queensland Competition Authority)

APOLOGIES: Ms Kathryn Mellick (Centre for Credit, Commercial and Consumer Law)

Mr Nick Behrens (Chamber of Commerce and Industry Queensland)

Mr Scott Driscoll (The Retailers Association)

Ms Penny Carr (Tenants Union of Queensland)

MINUTES

1. The Committee resolved that, subject to any comments from Members following the meeting, the minutes of the meeting held on 29 January 2010 be accepted as a true record of proceedings.

GENERAL BUSINESS

2. Status of Outstanding Issues The issue of marketing conduct raised at the January meeting was discussed as part of agenda item 6 "Code Enforcement Issues".

MATTERS FOR INFORMATION

3. Benchmark Retail Cost Index 2010-11 Members were provided with an update on the results of the Benchmark Retail Cost Index process for 2010-11.

Members noted and discussed the roles of retail and distribution costs in the BRCI calculation and the focus of recent media reports following

release of the Authority's Final Decision.

Members were of the view that the accumulated price rises over recent years were leading to affordability issues for many consumers and that prices were also starting to impact on production decisions in some industries.

It was noted that the Authority had recommended in its review of electricity pricing and tariff structures that a new process be established to replace the current BRCI process for adjusting electricity prices.

4. Retailer of last resort (ROLR) - update

Members discussed the paper on the retailer of last resort (ROLR) process.

The Authority advised Members that Origin Energy had withdrawn its application to charge a fee for the recent Jackgreen ROLR event.

The Authority further advised that it had requested an updated ROLR plan from Origin Energy and that it proposed to amend the arrangements with AEMO regarding transfer processing during a ROLR event.

5. Current Projects

Members were provided with an overview of current projects the Authority is progressing, including:

- the annual review of Ergon Energy's minimalist transitioning approach for 2010;
- the review of credit support arrangements between retailers and distributors. Members were advised that the Authority released a consultation paper on 20 May; and
- the Ergon Energy application for a waiver of ring fencing requirements. The waiver concerned the usage of generators to provide network support, in place of more expensive power line upgrades.

6. Code Enforcement Issues

Members were provided with an overview of the enforcement issues currently being handled by the Authority. It was noted that these matters were generally being resolved on a cooperative basis with the retailers concerned.

The Authority informed Members of follow up action taken with regard to the Courier Mail article, raised at the previous meeting, on a "Bully" salesman representing Origin Energy.

Members acknowledged the Authority's efforts in following up on this marketing issue.

Members raised an issue concerning consumers requesting to be placed on the standard contract and instead being signed to market contracts at the notified tariff rates.

7. QCA Decisions since last meeting	<p>Members were provided with an overview of the decisions taken by the Authority since the last meeting, including:</p> <ul style="list-style-type: none"> • the outcome of the Code review of reporting requirements; • an overview of the Code review of retrospective pricing. The majority of changes to the electricity code were approved by the Minister and had been gazetted. However, the Minister had determined that the details required for valid notification would be subject to further targeted consultation and a discussion paper had been issued by DEEDI. <p>Members expressed concern that the discussion paper had not been publicised and that it would be more difficult under a limited process to ensure the consumer point of view was fully taken into account.</p>
8. Forward Work Program	<p>Agenda paper noted.</p>
9. Continuation of Nominations	<p>All Members accepted nomination to the committee for a further 12 months.</p>
10. Schedule of Ordinary Meetings	<p>Members approved the forward schedule of meetings as follows:</p> <ul style="list-style-type: none"> i) Wednesday 25 August 2010; ii) Wednesday 24 November 2010; iii) Wednesday 23 February 2011; and iv) Wednesday 25 May 2011.
11. EOQ update	<p>EOQ advised Members that it had received approximately 10,505 cases from 1 July 2009 to 30 April 2010 and had received an average of 1,000 contacts a month. EOQ informed Members that the largest numbers of complaints regarded billing issues, customer service, credit issues and marketing complaints.</p>
12 Mines and Energy Update	<p>The Department advised Members that billing was also the largest complaint handled by the Department in relation to energy consumers. Other major complaint categories related to new infrastructure and on-selling issues.</p> <p>Members discussed some of the issues surrounding on-selling. In particular Members expressed concern that energy consumers had less protection than other consumers under an on-selling arrangement, such as lack of access to hardship programs, and noted that the current draft of the National Energy Customer Framework does not address this issue.</p>

**GENERAL
BUSINESS**

Members discussed the issue of wrongful/illegal disconnections, especially those initiated by retailers. Members noted that the issue extended to the affordability of payment plans and other consumer protections in the Electricity Industry Code. Members were of the view that such disconnections occurred much more frequently than indicated by statistics on GSL payments made by distributors and complaints to EOQ.

The Authority suggested that, on the basis of available evidence, wrongful disconnections do not appear to warrant any action in relation to Code amendments.

Meeting concluded 2:10 pm

NEXT MEETING The next ordinary meeting of the Committee will be held on Wednesday 25 August 2010 from 10:00am to 2:00pm.