

QUEENSLAND COMPETITION AUTHORITY

MINUTES OF CONSUMER ADVISORY COMMITTEE MEETING

WEDNESDAY, 25 MAY 2011 – 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 Max Howard (Queensland Consumers Association)

Mr John O'Malley (Financial Counselors Association of Queensland)

Ms Linda Parmenter (Queensland Council of Social Service)

Ms Megan Lewis (Commerce Queensland)

Mr Peter Swan (Centre for Credit and Consumer Law)

Observers

Mr Darren Schneider (Mines and Energy)

Mr Gary Sacre (Energy and Water Ombudsman Queensland)

Mr Adam Liddy (Queensland Competition Authority)

APOLOGIES: Ms Penny Carr (Tenants Union of Queensland)

Mr Ben Scott (United Retail Federation)

MINUTES

1. Previous Minutes The Committee resolved that the minutes of the meeting held on 23 February 2011 be accepted as a true record of proceedings

GENERAL BUSINESS

2. Status of Outstanding Issues There were no issues outstanding from the previous meeting

MATTERS FOR INFORMATION

3. BRCI Update Members were provided with an update on the 2011-12 Benchmark Retail Cost Index (BRCI) process. Members were informed that the BRCI calculation had been updated with more recent data, and that the final decision would be released on 31 May 2011.

Members discussed the effect of changes in the electricity load on the BRCI calculation. In particular members discussed how a reduction in electricity demand can cause an increase in the BRCI. However, it was noted that this would be the last BRCI review as the Authority had been directed to recommend a new price setting regime to be implemented in setting prices for 2012-13.

4. Electricity tariff structure and pricing review

Members discussed the electricity tariff structure and price review. Members were provided with an outline of the results of the 2009 review, including the N (network) + R (retail) pricing approach, and the conclusions regarding tariffs.

Members were informed that the Ministerial Direction required the Authority to complete the review in 10 months and that this timeline was likely to cause challenges for the Authority and for stakeholders. However, the Authority would endeavour to provide as much opportunity for stakeholder feedback as the timetable allowed.

There was general discussion on issues relating to the direction and the review, specifically:

- the effect of an inclining block tariff structure;
- issues relating to tariff cost reflectivity;
- the introduction of voluntary time-of-use tariffs; and
- transitional issues for consumers currently on obsolete tariffs.

5. The Australian Consumer Law Code Change Process

Members discussed the introduction of the Australian Consumer Law on 1 January 2011. The Authority would be making amendments to the Electricity and Gas Industry Codes to eliminate areas of potential conflict and overlap. Members were informed that while the Authority considered the changes to be uncontroversial, it intended to release the draft amendments for public consultation.

Members were informed that the Minister had requested unrelated, minor, changes to the Electricity Industry Code be performed by 1 July 2011 and that these, and other, minor administrative changes would be made without consultation.

6. ACCC Draft Decision on Energy Assured

Members discussed the Australian Competition and Consumer Commission's draft decision on the Energy Assured proposed marketing code of conduct, and marketing issues in general. Members noted that the ACCC is due to release a final determination on 30 June 2011.

7. Implementation of the NECF in Queensland

Members discussed the implementation of the National Energy Customer Framework (NECF) in Queensland. Members were provided with an overview of the implications for the responsibilities of the Authority. Members were informed that some areas of responsibility would definitely transfer to the NECF, such as the Retailer of Last Resort for Electricity, while the impact on other areas would depend on Government implementation decisions.

8. Current Projects

Members discussed:

- the annual review of the Minimalist Transitioning Approach for Ergon Energy; and

- the annual review of summer preparedness plans.

Members discussed distributor performance and acknowledged the recovery efforts of Ergon Energy and Energex during the recent natural disasters.

9. Code Enforcement Issues

Members were provided with an overview of the enforcement issues dealt with by the Authority since the last meeting, including:

- failure to apply new tariffs by Origin Energy;
- Distributor standard service order reports – December 2010

10. QCA Decisions since last meeting

Members were provided with an overview of decisions made by the Authority since the last meeting, including:

- the change to the Electricity Code regarding notification of price changes;
- amendments to the electricity Retailer of Last Resort scheme;
- the distributor Minimum Service Standards (MSS) and Guaranteed Service Level (GSL) report for the December Quarter 2010;
- the investigation of a competitive neutrality complaint against Energex;
- the impact of the 2011 Queensland floods on Energex' MSS and GSL performance;
- the assessment of small customer enquiry procedures from Sanctuary Energy and QEnergy;
- small customer disconnections and complaints data; and
- the electricity Billing Code report for the December quarter 2010.

Members were informed that the release of some reports continued to experience delays due to data quality issues in the reports coming from some retailers. The Authority has initiated several changes to the way retailers need to provide information to improve data quality, and continues to work cooperatively with retailers in an attempt to improve data reporting in future.

11. Forward Work Program

Agenda paper noted.

12 Continuation of Nominations

All Members present accepted nomination to the committee for a further 12 months.

The Chair invited members to suggest any other organisations that could be included on the committee. Members resolved to email suggestions to the Authority.

13. Schedule of Ordinary Meetings

Members approved the forward schedule of meetings as follows:

- i) Wednesday 31 August 2011;

- ii) Wednesday 30 November 2011;
- iii) Wednesday 29 February 2012; and
- iv) Wednesday 30 May 2012.

14. EOQ update Members were informed that, between 1 July 2010 to 30 April 2011, EWOQ had taken approximately 10,300 cases with an average of about 1,000 per month. EWOQ anticipates it will take between 12,500 to 13,000 cases for the financial year, from 1 July 2010 to 30 June 2011.

The major areas of complaint were:

- billing (approximately 4,300 cases);
- customer service issues (1,060 cases); and
- transfer issues (864 cases).

Members were informed EWOQ is continuing 'business as usual' in its dealings with the three water distributor/retailers until at least 30 June 2011, when the councils are to advise the Queensland Government as to whether they wish to continue using the water entities in their respective council areas.

Members were further informed that Mr Barry Adams, Energy and Water Ombudsman will retire on 30 June 2011. Mr Forbes Smith has been selected to be Barry's replacement as the next Energy and Water Ombudsman and will take up duty on 4 July 2011.

15 Mines and Energy Update Members were provided with an update from Mines and Energy. Members were informed that billing, and distribution complaints were the two largest categories of complaint received by the Department.

Members were also informed that the consumer policy and complaints areas within Mines and Energy had been separated. Mr Darren Schneider would continue to be Director of the complaints area, while Ms Kathy Standen would become responsible for consumer policy.

GENERAL BUSINESS Members discussed the recent changes to solar subsidies around Australia. Members were informed by the Department that the current solar incentives on offer through the Queensland Government were being reviewed, and any changes would be announced when the review was complete.

NEXT MEETING The next ordinary meeting of the Committee will be held on Wednesday 31 August 2011 from 10:00am to 2:00pm.